The CREDIT WORLD

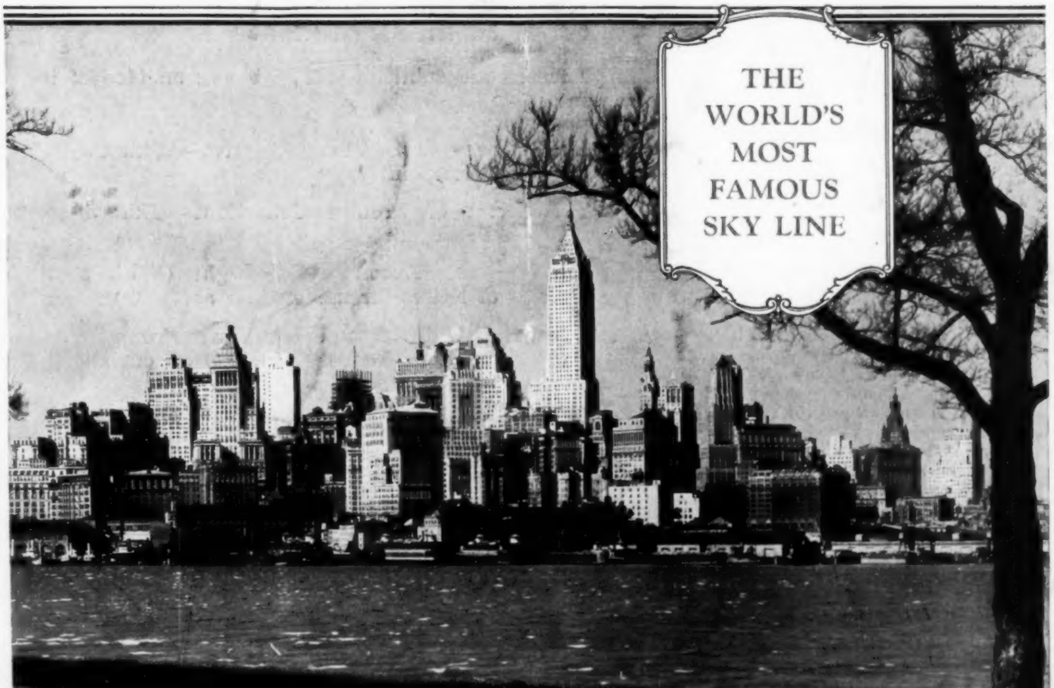
Official Publication of the National Retail Credit Association

Only Magazine Devoted Exclusively to Retail Credit

January, 1936 — Vol. XXIV, No. 4

New York--Largest National Unit

Through the courtesy of the New York Merchants Association, we reproduce this view of the sky line of New York City—home of the largest Unit of the National Retail Credit Association and, according to A. B. Buckeridge, Executive Secretary of the New York Association, "the largest credit bureau in the World."



Manhattan—Towers of Concrete and Steel Piercing the Sky!

The CREDIT WORLD

(Registered U. S. Patent Office.)

Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

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EDITORIAL AND EXECUTIVE OFFICES

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CHANGE OF ADDRESS: Please notify us promptly of any change of address so that you may not miss any issues. With your new address it is absolutely necessary that you also send us your old one. Entered as second-class matter at the Post Office at St. Louis, Mo., under the Act of March 3, 1879. Published Monthly. Subscription, $2.00 a year, to members of the National Retail Credit Association only.

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EDITORIAL COMMENT

By L. S. CROWDER

In Which We Make an Explanation

IT WAS gratifying to receive many expressions of approval in connection with our December editorial. However, it also resulted in some criticism, due to the fact that we listed only a few cities; and hundreds of Associations, equally as progressive and deserving of mention, were not included. This we endeavored to explain in the editorial, from which we quote:

"Mr. Elhart should have pointed out, as a shining example of cooperative action, local retail credit associations, units of the National Retail Credit Association. There are hundreds of these, headed by retail credit executives (as officers and directors), representing retailers from coast to coast in the United States and Canada, meeting monthly or oftener. Many meet each week and have been doing so for years. Space will not permit listing all associations, etc."

Space permitting, it would have been a real pleasure and privilege to have listed *every* association, regardless of size or location. Inasmuch as this could not be done and the possibility that other associations may also have felt slighted, I make this explanation and apology.

Mr. R. V. Chaffee, Credit Manager of Ernst Kern Company, writing in behalf of the Detroit Association, took exception to the omission of that city, inasmuch as the credit executives meet weekly, with a monthly meeting at night, for a discussion of their problems, and there exists a splendid spirit of cooperation.

To quote Mr. Chaffee:

"And when you talk about having meetings, bear in mind that we have a monthly night meeting, the second Thursday of every month; that we have a weekly meeting every Wednesday noon, at which from 20 to 30 downtown stores are represented. And on Thursday noon, another group which represents the uptown stores—in other words, those in our General Motor and Fisher Building district—has about the same number meet; and once a month the ladies of the association have a separate meeting of their own.

"We had our regular monthly meeting last night. There were about 250 present, and it was a successful meeting. The merchants donated 49 individual prizes, none of which was worth under $5.00."

As explained to Mr. Chaffee, we listed Cleveland (in District Five) because that Association is one of the oldest in the country, and meetings have been held weekly for many years—with semiannual meetings attended by between 500 and 600.

Within 40 miles of Cleveland there is a National Unit of 180 members, which was organized in 1918, since which time, with the exception of one month in summer, meetings have been held weekly. I refer to Akron, Ohio, and it was not listed because of its proximity to Cleveland.

The same holds for the Milwaukee Association, one of our most loyal and cooperative units, with more than 150 members, organized in 1918, and meeting regularly since then. It is also true of Providence, R. I., and Springfield, Mass., two cities having 243 and 237 National members, respectively. They were not listed, inasmuch as Boston was shown. That city was selected because it is the oldest Association in New England. *In fact, it is older than the National Association.*

Another example is Texas, where we have four loyal Associations in the principal cities—*all 100 per cent*—and units of the National since 1917. While only Dallas was listed, Fort Worth, Houston, and San Antonio are equally cooperative—*locally and nationally.* Meetings are held regularly and much has been accomplished for the retail interests.

It is also true of Minnesota. While only Minneapolis was listed, St. Paul and Duluth have excellent units of the National—in fact our 1915 Convention was held at Duluth.

A very important unit, and one of the oldest, was omitted. I refer to Nashville, Tennessee, which has been a unit of the National for twenty years and of which a former treasurer of the National, Mr. R. H. Poindexter, dean of the Nashville Credit Managers, is a prominent and active member.

Gallup, New Mexico and Salem, Oregon, were not listed, although they are the *largest National units in proportion to population;* Gallup, a city of 6,000, has 23 members, and Salem, the capital of Oregon, a city of 26,000, has 71 members.

We could continue along this line indefinitely but again space will not permit. I hope the Associations not listed, of which there are hundreds, will understand our reason for the omission, and that the purpose of my editorial was to point out to Mr. Elhart and the retailers that the credit executives of the nation have been meeting for years, with splendid results, and other divisions of retailing could follow in their footsteps with profit.

What Is the *Most Important* Retail Credit Problem for 1936?

DUE to the rush of business during the Holidays, credit executives throughout the country were too occupied with the problems of the moment to be able to give serious consideration to the problems that will confront them in this—the year 1936.

So, knowing that many contributions on this subject will be received too late for this issue and will have to be carried over to February—we have refrained from making any recapitulation of the various opinions until, as the politicians say, "all the returns are in."

The opinions which were received (reproduced in this article) show sound, "hard" thinking on a variety of subjects. If you haven't sent *your* answer to this question of the problems for 1936—Do IT Now!

Rehabilitation of Closed Accounts

One of the most important problems before the credit fraternity in 1936, will be as it has always been, a joint problem of credits and sales. Our thought and plan for meeting one phase of this is the rehabilitation of accounts which have been closed during the past two or three years under difficulties.

Improved conditions now permit the consideration of many of these as desirable customers. Budget a weekly quota of selected ones for revised credit reports and by personal correspondence to those meeting present requirements, erase the memories of the customers' past troubles and convert them into active and profitable accounts.—N. F. EDWARDS, Credit Manager, Sterchi Bros. Stores, Inc., Knoxville, Tenn.

* * * * *

Not to Oversell!

As business recovery and employment continue on the upgrade, and the desire of the merchant to do an ever increasing volume continues, the problem that must be kept ever in the foreground is to sell if the conclusion justifies —*but not to oversell.* The average individual is honest and trustworthy, but, the requirements of his family being many, his desire to aid them is tempted by too-easy credit. So—overbuying can be materially lessened by a policy of *not overselling* on the part of the merchant.—A. J. KRUSE, Manager, Associated Retail Credit Men and Credit Bureau of St. Louis.

* * * * *

Again—Rehabilitation of Closed Accounts

I noticed in the last issue of The CREDIT WORLD that you have again asked the question "What is the Most Important Retail Credit Problem for 1936?"

In my estimation it is to prove to the public that the Credit Department is the real sales builder of the institution which it represents—that it is willing to show the utmost consideration for every application made for an account and, in cases where the store has previously carried an account and it has fallen in arrears through circumstances over which the customer had no control, that the Credit Department is willing to take these circumstances into consideration, and reopen the account when the customer is again employed, and has a right to the respect which he enjoyed heretofore.

I believe that there is a tremendous amount of volume which every store can again regain by showing this attitude toward a former customer. With the increased volume available through these sources, certainly the credit department should not pass up the opportunity to prove its value, by taking every opportunity to increase credit sales. In our effort to build new business we should not lose sight of our former loyal customers as mentioned above.

I am always interested in reading the numerous articles presented each year on this subject as it certainly gives a very fine diversified opinion of credit people all over the country.—D. ASHBY, Credit Manager, M. L. Parker Company, Davenport, Iowa.

* * * * *

To Liquidate Past-Due Accounts

The Most Important Retail Credit Problem for 1936 is: Liquidate past-due accounts and see to it that there is not too much credit inflation *on too easy terms.*—BYRON DE FOREST, Manager, Great Falls Credit Exchange, Great Falls, Mont.

* * * * *

Our Problem for 1936
To "Keep Plugging" for Better Credit Methods

Our problem. Just this—so far we are on the short end of the score. However, the game is not over . . . not as yet.

All we need is renewed enthusiasm, more vigor, plenty of good horse sense . . . a little "second-half" fight. Armed with these we can win.

Keep plugging, yes, fighting for more sound credit extension, more effective collection methods, for wider credit education, for fraud prevention, *and for universal adoption of carrying charges on delinquent accounts.*

We can make progress this year. Let's get a grip on ourselves—and go ahead.—R. M. GRINAGER, Credit Manager, Enger and Olson, Inc., Duluth, Minnesota.

* * * * *

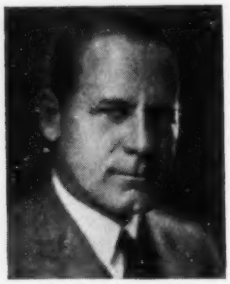
To Emphasize Prompt Collections

The credit end (granting credit) of the credit manager's job is easy to solve by close cooperation with fellow-credit executives and with the credit bureau, and has received major emphasis for more than a quarter of a century.

The collection end is the difficult part of the credit manager's job, and perhaps we should shift our emphasis to this end as the N. R. C. A. has been doing under your administration.

The most important retail credit problem for 1936 is for each credit manager to carry the N. R. C. A. attack on slow-pay customers one step farther, by coming to a definite decision in his own mind as to just exactly how

(*Continued on page* 21.)



The Foundations Of the Credit Structure

By JOHN R. WALKER*
Executive Vice-President, National Association of Sales Finance Companies, Chicago

CREDIT is a commercial device for accelerating the turnover of business. Mercantile credit, bank credit, and investment credit operate alike to accomplish this result. Credit becomes an increasingly important factor in business as economic and financial conditions become more stable. A small structure may be erected upon a foundation of earth, but a skyscraper requires a deep and solid anchorage to bedrock.

The particular phase of credit in which I am directly interested is long-term consumer credit, generally referred to as installment credit. Installment credit is founded upon the same general principles and is affected by the same influences as all the other forms of credit.

Installment credit mobilizes the individual's purchasing power, and enables a person whose income exceeds his necessary living expenses by, let us say, $10.00 a week, to acquire forthwith an article having a value of $500.00 or more.

This plan of capitalizing future net income makes feasible the purchase of relatively expensive articles, such as automobiles, mechanical refrigerators, radios, air conditioners, washing machines, oil burners, and farm equipment, by the great majority of the population whose incomes are modest and who find it difficult to accumulate substantial cash sums.

The mass consumption of such articles is sustained by installment credit, and mass consumption has made possible their production in mass, which, in turn, has effected a very great reduction in their selling prices. For example, the average price of an automobile today is 23 cents per pound, a decrease of 44 per cent since 1925. This intricate and durable mechanism now sells for a lower price per pound than butter and many ephemeral articles and commodities.

The cost of installment credit is but a mere fraction of the saving in the price of merchandise which it has brought to the consumer. Moreover, the purchaser is compensated for the cost of installment credit by the consequences which flow from the acceleration which it gives to the production-consumption cycle. By purchasing today with the aid of installment credit, instead of with accumulated cash a year or more from now, the purchaser not only obtains the present use of the article purchased—he accelerates the production-consumption mechanism, stimulates employment and the purchase of raw materials, and thus stimulates the demand for the product of his own labor which tends to create for him additional income to offset the time-sale charge on his purchase.

*This article is from an address before the Associated Retail Credit Men of Milwaukee, November 21, 1935.

The fact is now generally recognized that installment buying possesses the essential element of thrift because it requires that the article purchased be paid for while it still retains its usefulness. Also it teaches budgeting and regularity in paying habits, while the possession of valuable articles of the type customarily bought "on time" cultivates in the purchaser the salutary feeling of property ownership. The economic validity of installment credit is no longer challenged.

Having won the fight for recognition as an orthodox commercial agency, and having expanded to the point where it sustains some 10 per cent or more of all retail trade in America, and accounts for several billion dollars of consumption and production, the installment credit industry is now menaced by the conspicuousness of its success.

These menaces are state regulation and government competition. State politicians have begun to look with covetous eyes upon this flourishing enterprise as a field for political exploitation. These politicians are being aided and abetted by certain economic theorists of the school of Fabian socialism, who would like to see this enterprise regulated by a set of rigid, academic rules, which would sublimate the profit motive.

Political Control of Installment Credit

Proposals for the state regulation of installment credit usually take the form of a State Commission with power to license "suitable persons" to engage in this business from year to year, and regulate their charges and methods of doing business.

A typical bill to subject installment credit agencies to regulation by commission, introduced in the last session of the Massachusetts legislature under the sponsorship of certain reform organizations, contained the following among its various provisions:

"No licensee shall advertise any reference to its service or credit charge except as a definite per centum per month on the average unpaid balance outstanding in each month."

The professional reformers who are now bestowing their talents upon the installment credit industry adopt the position that the time-sale charge is the equivalent of an interest charge for the use of money, and that installment credit should be regulated in the same way as money lending. The superficiality of this reasoning is so apparent it should disqualify its exponents from receiving any serious consideration.

The fundamental distinction between money lending and installment credit becomes obvious upon the most casual examination of the matter. Small loans are generally made for the purpose of paying off previously existing indebtedness.

An installment purchase, on the other hand, provides the purchaser with a new asset and at the same time stimulates the consumption-production mechanism from which all society derives subsistence. Moreover, a prospective buyer is under no compulsion to buy, and will decline to do so if the price and the terms offered him are unsatisfactory. The same public policy which dictates that the necessitous borrower be protected against encumbering himself with excessive interest obligations dictates that the prospective installment buyer be not deterred from buying by bureaucratic artificialities.

To convert the time-sale charge, which includes the cost of many services besides the use of working capital, into a per cent per month of the unpaid balance, would create an erroneous impression as to the nature of this charge and raise an artificial barrier to the completion of the installment sale. No purchaser ever asks for such figures. What he is concerned to know is that the merchandise is worth to him what he is to pay for it, and the amount of the monthly payments he must make in order to acquire it. *He is interested in dollars,* and would only be confused and misled by such percentage figures.

It is not an easy matter to draw a statute which would require all merchants and sales finance companies to conform to the standards of fair-trade practice observed by the great majority, and thus eliminate abuses which bring discredit upon the industry, without giving aid and comfort to the unscrupulous buyer who is only too willing to take advantage.

With sufficient study, however, it should be possible to introduce into the statute which authorizes the use of the conditional sales contract, or other lien instrument in installment sales, specific provisions designed to safeguard the equity of the purchaser in the event of repossession; as well as provisions to protect the buyer against the imposition of unreasonable delinquency charges or other sharp practices on the part of that small minority which hovers upon the fringes of the industry.

The installment merchant and the sales finance company are, of course, already regulated by the whole body of commercial law as well as by the statutes against misrepresentation and fraud; but there is no objection on the part of those engaged in this industry to well-considered legislation which would refine the terms of the conditional sales contract and set forth more particularly the respective rights of the parties thereto.

What the industry does object to is superficially considered legislation of vague and uncertain character, expressing a punitive attitude toward business, and calculated to undermine the fundamental security of this form of credit.

Particularly does the industry object to being compelled to exist by the grace of an inquisitorial, political commission, having the power of life and death over the business through the issuance of annual and revocable licenses and the determination of the measure of the time-sale charge. A mouse in the cellar does not require the presence of a wolfhound in the household!

To the politician, the commission form of business regulation represents the perfect solution, because it places new tax-eaters upon the public payrolls, and constitutes a continuing source of political patronage and power. The reformer, likewise, leans to the commission form of regulation, because it saves him the necessity of making a sufficiently prolonged and painstaking study of the business which he thinks should be regulated to arrive at a true solution of the problem.

It is a fundamental tenet of our political philosophy that any citizen may take his capital and embark in business without the leave or interference of the State, so long as he observes the general statutes of the commonwealth; and that the state has no constitutional power to fix the price at which he shall sell his goods or services. If the state can regulate the time-sale mark-up, it can also regulate the cash-sale mark-up. Those who would have the state assert such power over the merchant draw their inspiration from foreign lands and are endeavoring to subvert the fundamental concept of our polity.

The American Revolution was fought to establish the principle that the members of our political society are citizens, and not subjects of the state; and we are as much opposed to the billeting of commissars in our business premises as we are to the billeting of soldiers in our homes.

The natural forces of competition are constantly operating to elevate the trade practices and reduce the costs associated with installment selling; and if this industry is permitted to retain the experimental vitality which has brought it to its present flourishing condition, and is not smothered by the incubus of governmental regulation, with its rigid, academic rules and added costs, it will become an increasingly valuable instrumentality for promoting the general welfare.

Our Competitor—the Government

The Federal Government, recognizing the importance of installment credit as a recovery agency, has itself entered this field in competition with the private agencies which have developed it. The Electric Home and Farm Authority is directly engaged in installment financing at rates which totally disregard the cost of administrative overhead; and the Federal Housing Administration has induced some five thousand commercial banks (whose liabilities are largely in the form of demand deposits) to embark upon the making of long-term installment loans at abnormally low interest rates, by insuring them against the inevitable credit losses which will occur.

The slogan of these government agencies is, "No down payment and three to five years to pay." This credit policy violates the canons of commercial practice, which demand *a substantial down payment and a not-too-long repayment period.*

Installment credit is a boon to the buyer only so long as he does not commit himself to too protracted an undertaking; for the hazards of unemployment and illness, and the consequent risk of losing his equity in his purchase, are disproportionately great where no down payment is made and the length of payment is extended too far into the future. Within the limits and safeguards established by sound commercial practice, installment credit is a powerful instrument with which to fight depression and promote economic recovery; *but it is not a Utopian panacea, nor a form of economic perpetual motion.*

The Federal Government, in its overeagerness to accomplish immediate results, is attempting to accelerate unduly the normal tempo of installment credit and telescope three or more years into one. The inevitable re-

(*Continued on page* 23.)

November Trends - - A Fast-Reading Review

. . . A nation-wide cross section of facts and opinions on retail collections and credit sales for November, 1935, as compared with November, 1934, compiled by Research Division - - National Retail Credit Association . . .

IMPROVEMENT in employment, resulting in more money in circulation, was given as the major factor for the increase in collections and credit sales during November for all cities reporting to the Research Division. Retail merchants predicted that conditions would be considerably more stabilized in 1936.

High-Lights for November

93 Cities reporting.
23,499 Retail stores represented.

COLLECTIONS

74 Cities reported increases.
9.7% Was the average increase for all cities.
54.0% Was the greatest increase (Aberdeen, S. D.).
10 Cities reported no change.
9 Cities reported decreases.
10.0% Was the greatest decrease (Manchester, N. H. and Claremore, Okla.).

CREDIT SALES

68 Cities reported increases.
13.0% Was the average increase for all cities.
55.0% Was the greatest increase (Aberdeen, S. D.).
18 Cities reported no change.
7 Cities reported decreases.
10.0% Was the greatest decrease (Manchester, N. H.).

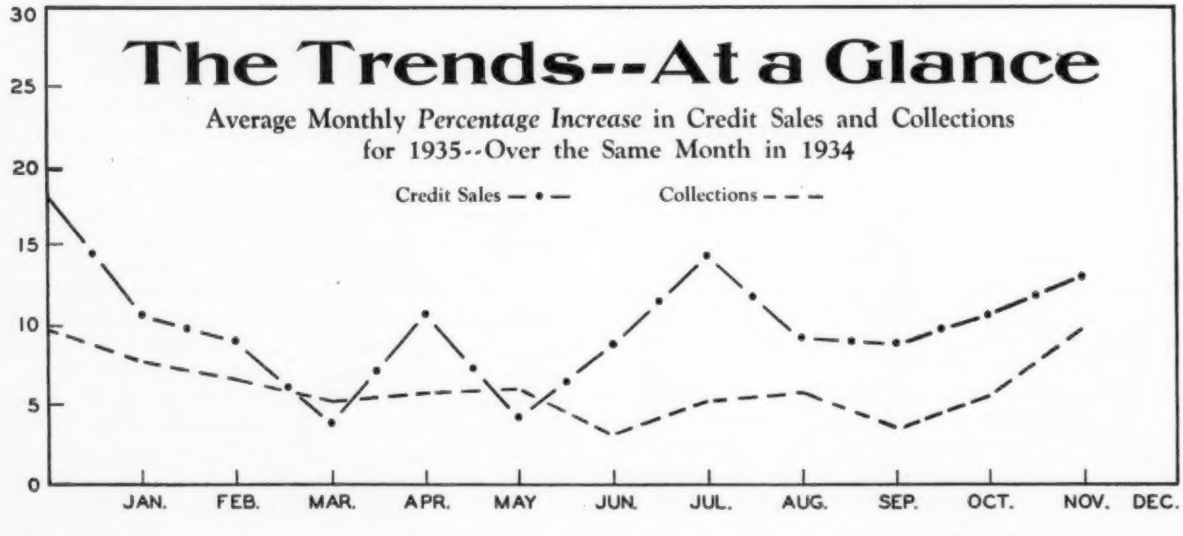
A 2 per cent increase in collections in Augusta, Me., was due to an increase in employment. Earlier automobile models and attractive prices and terms on radios and refrigerators resulted in an increase of 10 per cent in credit sales. The closing of all textile business for several months in Manchester, N. H., resulted in a 10 per cent decrease in both collections and credit sales.

Collections and credit sales in the Pennsylvania and New York area were exceptionally good due to better industrial conditions and increased pay rolls. Syracuse, N. Y., reported "the feeling is now prevalent that we are on the way to sustained improvement."

Charlotte, N. C., reported a disposition on the part of the general public to pay up outstanding accounts in order to enable them to secure additional credit for Christmas purchases. At the same time, credit sales increased 9.2 per cent in spite of warm weather. This was due to an influx of out-of-town customers, principally because of large and varied stocks to choose from.

While November is usually a poor month for collections in Florida and the storm of November 4 was expected to retard retail business, collections improved considerably due to larger pay rolls and more money in circulation. Fort Lauderdale reported a 50 per cent increase in credit sales due principally to FHA financing of refrigerators, stoves, washing machines, etc. Pensacola reported a 23 per cent increase in credit sales attributed to the extension of their trading area, as well as enlargement of the personnel at their naval air station.

Fort Scott, Kan., reported a 6 per cent increase in collections owing to additional employment and an improvement in general business conditions. The railroad shops in Paducah, Ky., are working full time; the hosiery mills are running two shifts a day; and the Government has several projects in full swing. These reasons were given for an increase of 15 per cent in collections. Joplin, Mo., reported a 5 per cent decrease in credit sales. The number of sales seems to be increasing but the average sale is smaller than last year. Credit sales were good during November in men's furnishings, department, and women's wear stores in St. Louis. Employment has been stabilized on a more or less permanent basis.



Collections in the Illinois, Indiana, Ohio and Michigan area were exceptionally good. Factories are operating at about 85 per cent of their capacity and many large government projects are under way. Credit sales likewise increased considerably in this area due to an increase in employment as well as greater confidence in the future.

Collections in Sioux City, Ia., are still increasing monthly due to their new policy of charging interest on past-due accounts. Furthermore, the buying power of the farmers has increased somewhat over last year, the merchants benefiting accordingly. Credit sales in Omaha, Neb., increased 7 per cent, which was attributed to a more optimistic feeling on the part of the general public as well as the need of merchandise owing to curtailment of purchases in the past. An increase in employment in Huron, S. D., during November resulted in a gain of 10 per cent in collections and credit sales, over the same month last year.

—*Courtesy St. Louis Star-Times.*

With the exception of Claremore, all Oklahoma cities reported an increase in collections from 5 to 25 per cent. The reasons given for the general improvement were: good crops, development in the oil fields, higher prices for farm products, in-

(*Continued on page* 13.)

Comparative Reports -- By Cities -- November, 1935 vs. November, 1934

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Fair	+ 2.0	Good	+10.0
Northampton, Mass.	Fair	+ 7.0	Fair	+ 5.0
Worcester, Mass.	Fair	+ . . .	Fair	+ . . .
Manchester, N. H.	Slow	−10.0	Slow	−10.0
Pawtucket, R. I.	Good	+13.5	Good	+16.1
Providence, R. I.	Good	+ 3.0	Good	+13.0
Average	*Fair*	+ 3.1	*Fair*	+ 6.8
2. New York, N. Y.	Good	+ 3.7	Good	+ . . .
Rochester, N. Y.	Good	+ 2.8	Good	+ 6.0
Schenectady, N. Y.	Good	+ 6.5	Good	+ 9.6
Syracuse, N. Y.	Good	+ 6.0	Good	+12.5
Utica, N. Y.	Fair	+ 3.0	Fair	+ 6.0
Erie, Pa.	Good	+ 2.5	Good	+18.8
Pittsburgh, Pa.	Good	+ 6.0	Good	+ 8.0
Reading, Pa.	Fair	− 3.0	Fair	− 5.0
Uniontown, Pa.	Fair	+ . . .	Good	+ . . .
Average	*Good*	+ 3.4	*Good*	+ 7.0
3. Washington, D. C.	Good	+ 2.3	Good	+ . . .
Charlotte, N. C.	Good	+ 4.5	Good	+ 9.2
Fredericksburg, Va.	Fair	− . . .	Good	+ . . .
Charleston, W. Va.	Fair	+ .5	Fair	+ .2
Clarksburg, W. Va.	Fair	+ 7.0	Good	+ 6.0
Average	*Fair*	+ 3.3	*Good*	+ 5.1
4. Fort Lauderdale, Fla.	Fair	+25.0	Good	+50.0
Jacksonville, Fla.	Fair	+ 3.0	Fair	+ 6.0
Orlando, Fla.	Fair	+ 3.0	Fair	+ 4.0
Pensacola, Fla.	Good	+25.8	Good	+23.0
Vicksburg, Miss.	Fair	+25.0	Fair	+ . . .
Charleston, S. C.	Fair	No change	Good	+10.0
Average	*Fair*	+16.3	*Good*	+18.6
5. Fort Smith, Ark.	Fair	− 2.5	Fair	+ 4.0
Abilene, Kan.	Good	+ 8.0	Good	+ 9.0
Emporia, Kan.	Fair	+ 8.0	Good	+12.0
Fort Scott, Kan.	Good	+ 6.0	Fair	+ 2.0
Henderson, Ky.	Fair	− . . .	Fair	− . . .
Paducah, Ky.	Good	+15.0	Good	+34.0
Joplin, Mo.	Fair	+ .3	Slow	− 5.0
Kansas City, Mo.	Good	+ 5.0	Fair	− 2.0
St. Louis, Mo.	Good	+ 3.0	Good	+12.0
Average	*Good*	+ 5.3	*Good*	+ 8.5
6. Joliet, Ill.	Good	+ 5.0	Good	+ 5.0
Peoria, Ill.	Good	+ 5.0	Good	+ . . .
Evansville, Ind.	Good	+ 8.3	Good	+26.5
Bay City, Mich.	Slow	− 2.0	Fair	No change
Detroit, Mich.	Good	+10.0	Good	+29.2
Grand Rapids, Mich.	Good	+ 6.0	Good	+15.0
Kalamazoo, Mich.	Good	+17.0	Good	+26.0
Lansing, Mich.	Good	+26.0	Good	+33.0
Mount Clemens, Mich.	Good	+21.0	Good	+ 9.0
Bellefontaine, Ohio	Good	+ . . .	Good	+ . . .
Cincinnati, Ohio	Good	+ 6.1	Good	+20.8
Dayton, Ohio	Good	+19.9	Good	+17.0
Toledo, Ohio	Good	+ 9.0	Good	+15.0
Fond du Lac, Wis.	Good	+ 5.0	Good	+ 5.0
Oshkosh, Wis.	Good	+10.0	Good	+10.0
Average	*Good*	+10.4	*Good*	+17.6
7. Cedar Rapids, Ia.	Good	+ 7.0	Good	+14.0
Muscatine, Ia.	Good	+10.0	Good	+16.0
Sioux City, Ia.	Fair	+ 2.0	Good	+ 5.0
Waterloo, Ia.	Good	+ 2.6	Good	+12.7
St. Paul, Minn.	Good	+16.3	Good	+ . . .
Lincoln, Neb.	Good	+ 2.8	Good	+12.1
Omaha, Neb.	Good	+ 2.0	Good	+ 7.0
Williston, N. D.	Fair	No change	Fair	No change
Aberdeen, S. D.	Fair	+54.0	Fair	+55.0
Huron, S. D.	Fair	+10.0	Fair	+10.0
Average	*Good*	+11.9	*Good*	+16.5
8. Ada, Okla.	Fair	+ . . .	Good	+ . . .
Claremore, Okla.	Slow	−10.0	Good	+20.0
Hobart, Okla.	Fair	+25.0	Fair	+27.0
Oklahoma City, Okla.	Fair	+ . . .	Fair	+ . . .
Stillwater, Okla.	Fair	+ 5.0	Good	+25.0
Tulsa, Okla.	Good	+ 3.9	Good	+17.9
Amarillo, Tex.	Good	+19.0	Good	+11.6
Austin, Tex.	Good	+ 1.2	Good	+ 9.5
Borger, Tex.	Good	+16.5	Good	+30.0
Breckenridge, Tex.	Slow	− . . .	Good	+ . . .
Fort Worth, Tex.	Good	+ 9.9	Good	+12.5
Houston, Tex.	Good	+ 5.0	Good	+ 9.5
Waxahachie, Tex.	Slow	− 5.0	Slow	− 5.0
Average	*Good*	+ 7.0	*Good*	+15.8
9. Canon City, Colo.	Good	+26.0	Good	+10.0
Denver, Colo.	Good	+ 2.5	Good	+ 3.5
Salt Lake City, Utah	Good	+ 2.5	Good	+ 2.9
Casper, Wyo.	Fair	No change	Fair	No change
Cheyenne, Wyo.	Fair	+10.0	Good	+15.0
Torrington, Wyo.	Good	+50.0	Good	+25.0
Average	*Good*	+18.2	*Good*	+11.3
10. Idaho Falls, Ida.	Fair	+ . . .	Good	+ . . .
Centralia, Wash.	Good	+31.0	Good	+30.0
Tacoma, Wash.	Good	+10.0	Fair	+ 2.1
Vancouver, Wash.	Good	+25.0	Slow	− 2.0
Average	*Good*	+22.0	*Fair*	+10.0
11. San Diego, Calif.	Good	+22.0	Good	+18.0
San Francisco and Oakland, Calif.	Good	+ 3.0	Good	+ 9.0
San Jose, Calif.	Good	+11.0	Good	No change
Santa Barbara, Calif.	Good	+ 4.0	Good	+12.0
Stockton, Calif.	Good	+ 8.0	Good	+16.0
Average	*Good*	+ 9.6	*Good*	+13.7
12. Calgary, Alberta	Fair	+ 5.0	Fair	+ 2.0
New Westminster, B. C.	Fair	+10.0	Good	+17.5
Victoria, B. C.	Good	+ 7.0	Good	+ 5.0
London, Ont.	Fair	+15.0	Good	+35.0
Average	*Good*	+ 9.2	*Good*	+14.9

A "Before-and-After" Credit Story

By GEORGE L. EDMONDS
Assistant Manager, The Wallace Company Department Store, Schenectady, N. Y.

Mr. Edmonds, formerly a credit manager and now assistant manager of a large department store, offers here some interesting contrasts between credit methods of twenty-five years ago and those of today. His remarks on the value of credit organizations are timely and convincing.

WHEN I accepted a position as Credit Manager of a department store in 1911, there was only one other store in the town (population of 100,000) which had a credit manager. Credit information on an applicant was very hard to obtain, and very incomplete. When an account reached the stage where it was necessary to use more pressure than was possible through our facilities, we were obliged to turn it over to an attorney for collection (or attempts at collection).

There were no attorneys available who made a business of collecting accounts; therefore, since it was a side line with them, the process was very slow and unsatisfactory. After trying an out-of-town collection agency with a "trick" contract, we about decided that it would be better to lose an account than to pay a fee for a whole list of accounts which they did not collect.

Early in 1918, I received a bulletin from the National Retail Credit Association, inviting me to join, and also calling my attention to a convention which was to be held in Boston that summer. This looked to me like an organization in which membership might be a benefit to me. I joined, and also attended the Boston Convention.

My membership in the National was a good investment as it gave me contacts with other credit men, and The Credit World was of great value to me. In fact, this magazine was my textbook on credit! It always contained instructive articles, experiences of other credit granters, valuable credit forms, and successful credit letters.

At the Boston Convention, I heard a lot of talk about cooperation between members, and also about local credit bureaus and local credit associations in cooperation with the National Association. I resolved, right then, that we should have some such organization in our town; but frankly, I wondered if this were possible.

Shortly after that time, Mr. E. LeRoy Shannon, a local man, called on me soliciting accounts for collection on a "no collection—no pay" basis that sounded different from anything I had ever heard of before. So, for a long time after this approach, we turned our "slow pay" accounts over to Mr. Shannon to collect—and we still do—although his agency is now the Retail Merchants Credit Bureau.

I had many conversations with Mr. Shannon regarding the credit bureaus, about which I had heard so much at Boston. Mr. Shannon saw some copies of The Credit World and decided that he, too, should join the National. After joining, he branched out from a collection agency to a Bureau of Credit and Collections.

In later years we attended the National Conventions held in Detroit, Cleveland, Milwaukee, and New York, and in each of those cities Mr. Shannon spent almost as much time visiting the local bureaus as he did on the Convention floor, which, no doubt, accounts in part for the high type of credit bureau he has built up in our city.

When we learned of the benefits which cities throughout the country were obtaining through their local credit associations, we decided to organize a local credit association. By considerable personal work, we got together a group of men interested in credits, and invited a representative of the National from New York to explain the benefits of a local association, and also, of being affiliated with the National.

We completed our organization at that meeting with a charter membership of seven. That was in 1923. The Association has had a steady growth since that time, and now includes the greater part of all the merchants and principal businesses in the city.

Meetings are held monthly and, usually, there is a speaker who talks on some subject pertaining to credit work. Also, at these meetings, the secretary distributes a prepared list of "skips"—"bad risks"—etc., which lists are sent to the Bureau by members. These subjects are freely discussed and much benefit is derived by the members.

Our Credit Bureau

Mr. Shannon opened his credit bureau in 1919 with three employees. Today he has an office force of seventeen employees and is giving the merchants of Schenectady a credit reporting and collection service which is more complete than were his fondest hopes in 1919 (or the hopes of the merchants).

The local bureau has property records set up in a complete form by street number, and also alphabetically, by name of the owner in the City of Schenectady and the neighboring Village of Scotia. Their real estate records tell you the name of the owner, size of lot, description of

property, assessed value, mortgages, mechanics' liens, and any foreclosure actions started, etc.

They have the telephone directory set up by street number and this is revised each time a new directory is published. They carry records of the credit ratings of more than one hundred thousand residents of Schenectady and vicinity.

The Bureau uses watch cards such as are furnished by the Supply Department of the National Office, and issues a "Daily Docket," which covers forty-six separate items; also, the Bills of Sales and Chattel Mortgages filed in the five townships in Schenectady County. The Deeds and Mortgages are set up so that you may determine just where the property is located.

Reports of new addresses, places of employment, etc., are exchanged between the Collection Department and Reporting Department of the Bureau daily.

The Bureau also maintains a reporting service which renders reports promptly. Many of our reports are obtained by telephone without hanging up the receiver. We maintain a direct line between our store and the office of the Credit Bureau, which facilitates the speed with which we are able to check new accounts or recheck old ones.

I endeavored to show in the beginning of this article, the handicaps and hazards which we experienced by not having a local credit association and credit bureau. Since the organization of a local credit association and the establishment of a credit bureau (both affiliated with the National Association) the credit man has been able to operate on an entirely different basis. No longer does he have to depend on such information as he is able to gather by calling one or more local merchants. When I look back to the time when we had no credit bureau or credit association, I wonder how we dared to open an account!

During the spring of 1924, our local association carried on a Community Credit Policy, and we carry (almost continuously) "Prompt Pay" advertisements in our local ı ewspapers; the size of our ads depending upon the amount of cash on hand in our Association from month to month.

Below are copies of letters made up by our Association, which are sent out by the members (on their own stationery). One letter covers "Excessive Returns" and the other covers "Past Due Accounts."

Excessive Returns Letter

It may be difficult for you to believe it—but your account, during the past year, shows articles returned amounting to $----------, or ---------- per cent of your total purchases.

Because this percentage is much more than the average, we are anxious to know, for our own benefit, what reasons have caused it.

Many customers with whom we have discussed this subject have been very cooperative in giving us the reasons in their case. Will you also favor us by making notations on the enclosed card and returning it to us at your earliest convenience?

Your kind assistance in this problem will be appreciated.

Very sincerely yours,

"Past Due" Letter

(Used When an Account is 60 to 90 Days Overdue)

Today, when analyzing your account, we noticed there remains a balance on purchases dating as far back as---- Like all other merchants, our bills are rendered the 1st of each month and are payable in full by the 10th.

Any material deviation from these terms creates an added cost not anticipated at the time of sale; naturally reflects on credit ratings, slows up charge service; and during the past due period, usually results in a reduction of further charge purchases, which is something we regret, because we want your patronage.

For these reasons, we shall be grateful for prompt payment, and then, we are sure, you will be better satisfied to use the account for your current requirements. May we have your favorable cooperation?

Although no longer actively connected with the Credit Department, I still believe that no business can extend credit successfully without the aid of a credit bureau. Realizing that a credit man, by reason of his profession, becomes a student of human nature, I still believe that, even though he is a graduate student, he cannot afford to extend credit on "hunches." He must depend upon the information which his bureau is equipped to furnish.

And I do not think that any city (even though there are only a few who grant credit) should be without a local credit association, affiliated with the National, holding regular meetings to frankly discuss their problems. Such an organization will surely be of great benefit to the individual members and to the merchants by whom they are employed.

Collection Reminders That Pulled for Us!

By E. S. LEWIS

Collection Manager, Harry S. Manchester, Inc., Madison, Wis.

TO RETAIN the good will of the customer, keep in the good graces of the Credit Sales Manager, and at the same time retain a collection percentage satisfactory to the Management is a job.

We have attempted to overcome any severe criticism by all parties mentioned through a series of monthly form notices, which have to date proved very satisfactory, in collections, with a limited number of complaints.

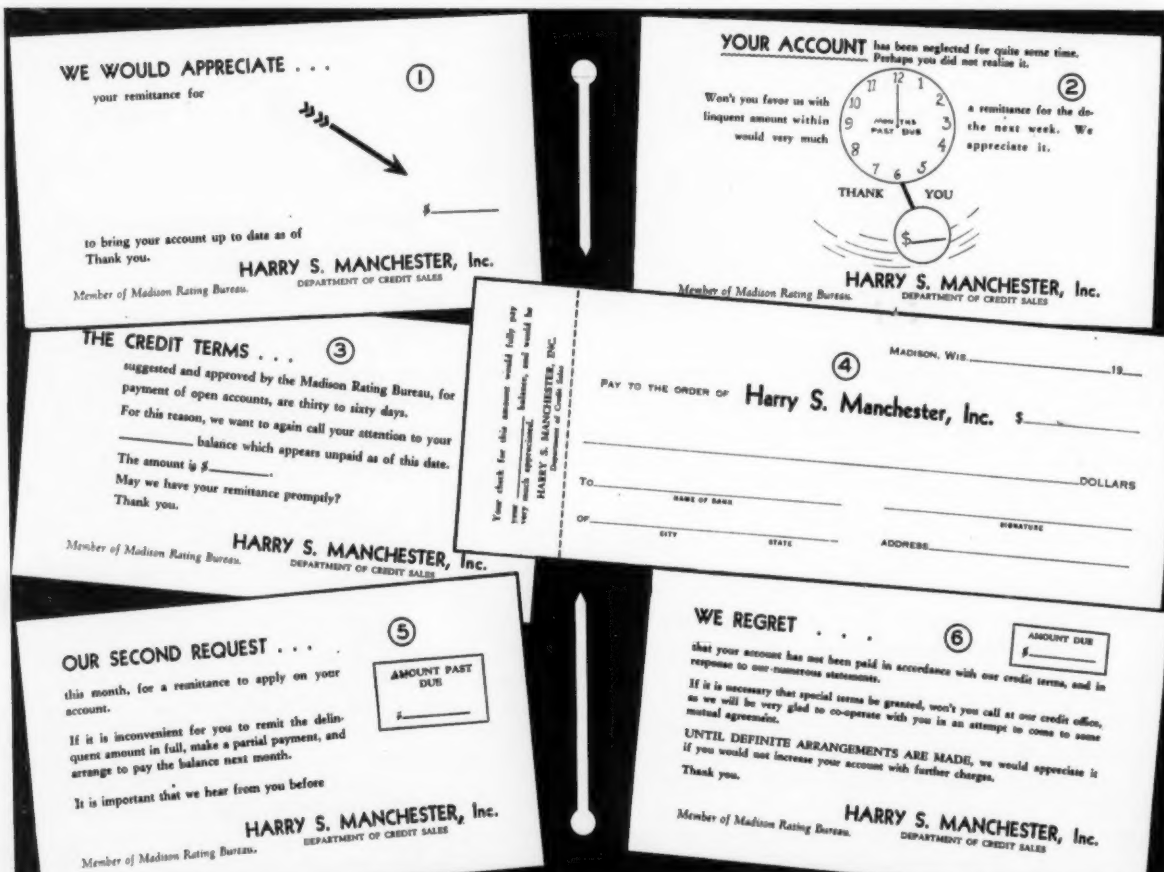
The notices are mailed to our delinquents between the tenth and fifteenth of the month. Although they are numbered, we do not have a set rule for follow-up. The "Credit Terms" form (*Number 3*) is usually mailed first, and although we do not have the exact figures, it is our outstanding result-getter. *Number 1,* The Red Arrow form, is generally mailed third. It is courteous, but bold in appearance, and ranks second in returns.

The Clock (*Number 2*) and Check (*Number 4*) notices are used "free lance," so to speak (and with mentionable results), only on accounts having an "over the ordinary" limit. The clock is completed by inserting the hour hand with pen to correspond with the number of months delinquent, the amount being specified on the pendulum. Curiosity on the part of the customer, we believe, is responsible for our returns from this notice.

The check is prepared in the regular way, for an amount required to bring the account into a current condition. Only a small per cent are returned with signature, but we believe this is due to the absence of a record for the customer if our check is used. The returns from this reminder, as indicated by our ledgers, will well warrant its continuance.

Numbers 5 and *6* are self-explanatory. If a further attempt is made to charge after notice *Number 6* is mailed, the customer is called to the Credit Office, which generally results in definite arrangements for payment as requested. This notice, however, is used with caution.

Number 5 is used only as a second reminder and is generally mailed after the 20th of each month on accounts having the larger delinquent balances. Occasionally we are criticized for being a bit too persistent, but the few complaints we have received are well overcome by our increased collections the last few days of the month.



November Trends—A Fast-Reading Review

(*Continued from page 9.*)

creased employment, and the added impetus of construction of public projects financed by the Federal Government. Credit sales were also exceptionally good due to the same reasons. An increase of 25 per cent in credit sales for Stillwater, Okla., was due to the arrival of 3,000 workers assigned to government projects.

Collections in Texas cities, with one exception, still continue to increase. Borger reported that more people are employed and they feel more secure in their positions than they have for several years. Collections in Breckenridge were retarded somewhat due to the general public paying semiannual taxes. However, credit sales were good, conservative buying of former years causing forced buying of clothes at this time for the cold weather. Credit sales increased 11.6 per cent in Amarillo. (Recent rains promise better prospects for wheat than during the past two years.)

The failure of the cotton crop in Ellis County resulted in a decrease of 5 per cent in collections and credit sales in Waxahachie, Tex. The government AAA plan helped general retail business conditions considerably but did not overcome the short cotton crop caused by insect destruction.

Because of an increase in employment in the local cement plants, lime quarries, and coal mines, collections increased 26 per cent in Canon City, Colo. Denver reported their increase in collections due to an improvement in employment. Cheyenne, Wyo., reported good collections due to government money beginning to flow into trade channels. The increase in collections in Torrington, Wyo., was due to increase in crop sales. Cheyenne also reported an increase of 15 per cent in credit sales: "Improvement in general business conditions has created the buying urge, some of it reckless. We believe that time payment sales are getting top-heavy."

Tacoma, Wash., reported collections good due to an increase of employment. The increase of 25 per cent in collections in Vancouver, Wash., was caused by more stable conditions while at this time last year there was an unsettled feeling. A slight decrease in credit sales was recorded due to low prices on the prune market, with the result that farmers are holding crops and using bank credit when necessary.

Increases of 3 to 22 per cent in collections were reported in California. At the same time, credit sales increased from 9 per cent in San Francisco and Oakland, to 16 per cent in Stockton due to FHA loans on household equipment.

Work is becoming more plentiful and more money is now in circulation in Canada. Victoria reported an increase of 7 per cent in collections due to a more settled feeling in business circles since the Dominion elections in October, and the general feeling that British Columbia is on the eve of a bigger development of natural resources. The improved employment conditions in London, Ont., caused credit sales to increase 35 per cent.

New York Bureau Credit Reports Increase

As of December 23, the Credit Bureau of Greater New York reported an increase of 12,000 credit reports for the month over December, 1934. The Bureau now has 173 employees and occupies the entire 16th floor at 381 Fourth Avenue.

After "Title One" - - *What Then?*

By GUY H. HULSE

Executive Vice-President and General Manager, National Consumer Credit Reporting Corporation, Saint Louis

WITH the development of the character loan by the New Deal to speed recovery, credit reporting agencies have found a good outlet for new and profitable business. Perhaps this type of loan would not have known such general use without the past economic collapse.

The wisdom of the philosophers may be right—that out of the ashes of misfortune rises some new good. If that is true, then the development of the character loan comes at a time when it is sorely needed.

Of course, its present impetus is widely known. There is no intent to rehearse established facts. *Title One* of the National Housing Act, as administered by the Federal Housing Administration, has *made* the character loan. During the first year of its operation more than a quarter million loans have been insured by that Administration.

The distribution of these loans has been general. Rural as well as metropolitan banks have welcomed the demand for such credits and have gladly opened their vaults to approved borrowers. After all, approval has meant a successful credit routine.

Until 1934 hard money loaned out in return for a mere promise to pay was unheard of. Satisfactory collateral was the only justification for small bank loans. However, *one year* proved such loans could be made . . . and credit reporting made that achievement possible.

If habit is the result of doing the same act repeatedly, then lending institutions will continue to make such loans. At least this is to be hoped, for, with the end of March, 1936, *Title One* ceases to be in effect. Congress has so decreed, hence the decision is likely to stand. The next Congress may be asked to extend the time limit but such a request seems meager in comparison with the importance of other national problems. No change is foreseen.

Already many banks have turned their calendar ahead to view April, 1936, with much wonder. Aided by the insurance feature, character loan volume has mounted to a sizeable total. What is to be the fate of such loans in the near future has become a topic for general discussion.

Some bankers believe in the habit theory. They expect to see the loan continued. They are convinced similar control placed upon granting of future short-time credit will produce the identical success as is now experienced. *There is no doubt that this type of loan is responsible for marked strides in retail business recovery. And that means improvement to the wholesale outlets, even back to the manufacturer.*

Others hope for the retention of this type of loan on the assumption that the borrowing public, once educated to this practice, will demand its continuation. The law of averages, so it is claimed, will be sure to prove that this small, and unsecured, loan business will be profitable in the long run.

On the other hand, there is a school of thought among the bankers sincerely interested in this experiment which considers the formation of their own insurance protection. Why, they reason, should not the banks set up their own insurance reserves? If future business is to be conducted along the present lines, losses ought to be comparable to the experience of the FHA. Ample reserves can take care of such contingencies as they arise. In fact, slow accounts might well be accelerated; delinquencies and defaults might show some decrease with lending institutions exerting more collection effort, knowing their own reserves constituted the only cushion for such hazardous cases.

The private insurance idea is a good one. With that protection to back their lending procedure, there would be a moderate flexibility of money extremely helpful at this point in the economic cycle. Borrowing that can pass inspection should be allowed to continue. Bank funds otherwise idle ought to be put back to work.

All of this would make it easier for any bank to pay interest to its depositors. A strengthened confidence would result. But all of this hypothesis hinges upon the continuation of character loaning. Behind this lies the crucial factor: *credit investigation.*

Except for the fact not all banks have been convinced of the adequacy of consumer credit reports it might be an easy matter to visualize future operations. The credit executive might imagine them to be 100 per cent profitable. But behind this mirage stand those institutions which take the position that their own investigations are sufficient.

Without Federal protection (which for the present they have in case a rescue is needed) some of their operations may not prove so successful. During the life of *Title I,* the U. S. Treasury has backed their judgment. Under independent loaning operations, after April, 1936, when the Treasury doors will be closed to those clamoring because of bad decisions, it may be a vastly different story. Their best friends ought to tell some of the lending officials that sound risk rating demands one essential: *credit history.* Thus far there has not been any practical substitute for it!

Perhaps, as with a strong-willed child, the best treatment for the disbeliever is a free hand. Self-obtained experience usually proves lasting though it may be bitterly won. Lending institutions which continue on their own plan, ignoring the business tenets which the majority have learned to be necessary, must stand the cost of their own views. History is replete with tales of those who have

finally limped back to the family hearth, chastened with the painfully won knowledge of worldly ways.

But for those lending agencies which seek the continuation of substantial loans on a profitable basis the question of protection and the cost of that service must be considered.

It is natural to suppose that there will be occasional claims. Every borrower, presumably, will pay for them out of pocket. A small charge will be levied on each loan; obviously, in that manner a reserve fund for such contingencies can be built up.

The question of future interest rate under this contemplated plan presents another vital point. Under the Federal Housing Administration there has been 5 per cent money; not so much because of congenital cooperation of the lending fraternity, but the stern attitude which the FHA established to loosen the lending deadlock. Many officials still claim that 5 per cent is not a satisfactory rate yet it has not wrecked the banking industry. There has been no general uprising against it. Of course, it is natural to want more but the regulations have stipulated 5, and 5 per cent it will be.

Under private operations after April, 1936, the risk factor for loaned funds may change perceptibly. Some of the far-seeing bankers predict that 5 per cent cannot exist under such conditions. If there is to be a minimum charge for reserve against future losses, the rate will have to bear that slight advance. The increase is now spoken of as $\frac{1}{2}$ to 1 per cent, indicating that character loan money henceforth may cost from $5\frac{1}{2}$ to 6 per cent. On the theory that the added risk has justified the fraction appended to the rate it is doubtful whether 5 per cent money for approved borrowers would still be available.

While little is known about the claims filed with the Federal Housing for reimbursement, because of defaults, from a percentage aspect the figure is likely to be statistically minute. On the basis of 150 millions in insured notes there certainly has not been a loss of $\frac{1}{2}$ of 1 per cent or 750 thousand in admitted claims; not even half of that amount could have shown up in the adding machine without knowledge of that fact reaching the grapevine ticker in Washington and spreading to every news service correspondent. Whatever the claims have been, ultimately it will be shown that they are of small importance.

As far as any adjusted interest rate is concerned, cheap money has been flaunted before the public until they will demand it. At the most, there cannot be more than $5\frac{1}{2}$ per cent charged for that privilege. Any advance beyond that amount will tempt a borrower's boycott. That would be fatal to the aims so well established during the past year. Whether it is realized or not, the future of this character loaning operation, after Federal protection is withdrawn, naturally concerns the credit reporting industry. It is admitted that this new business has developed a good market for reporting services. The industry has watched this volume grow from a few thousand reports to approximately a half million a year.

To the volume of approved loans one must add those reports rendered upon proposed borrowers whose records did not justify granting such credit. There is no knowledge of the exact number which banks have refused. Federal statistics do not record these facts. While no acceptable estimates have been released, some bankers advance the belief that about 20 per cent of their loan applications have been turned down. Thus *six credit reports* have been used *for every five loans made* by lending institutions.

One can search far and wide before finding another new market for reporting service which in its initial year developed a volume of approximately 450,000 reports. Naturally, there should be some thought given to the future of this newly developed business.

Obviously, the borrowing public will want future loans and the banks will want to give that service, *once assured of minimum risks.* Credit reporting is the essential and indispensable function. Now is the time for the credit executive to turn the desk calendar ahead to April, 1936, to plan for close cooperation with those banking contacts which handle safe and sane character loans.

The public, the bankers, and the credit fraternity will justly profit by that synchronized achievement.

Comparative Collection Percentages - - N[illegible]ven

	DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						[illegible]EWELRY		
		1935			1934			1935			1934			1935			1934			1935			1934			[illegible]935		
		AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	A[illegible]	HI.	LO.
	Boston, Mass.	53.0	73.8	40.9	47.1	68.0	43.2	13.7	27.8	12.3	16.3	29.6	13.9	54.9	60.0	44.8	51.5	54.7	43.5	—	—	—	—	—	—	[illegible]	66.7	56.2
	Providence, R. I.	46.0	50.0	44.3	46.0	51.0	42.4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
1	Lynn, Mass.	54.3	57.0	43.7	43.0	49.0	36.1	—	22.0	—	—	—	—	—	—	—	—	—	—	12.0	15.0	9.1	9.8	11.1	8.6	—	—	—
	Springfield, Mass.	53.0	57.7	49.4	52.2	61.3	43.5	18.3	27.1	11.1	18.9	22.6	13.1	55.8	59.0	51.8	53.0	51.2	46.1	—	—	—	—	—	—	—	—	—
	Worcester, Mass.	47.5	50.4	43.6	43.1	44.5	41.8	25.0	26.3	23.7	20.6	22.3	18.9	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	New York City	50.7	65.0	43.0	49.0	61.1	42.0	19.2	22.7	12.6	17.3	20.0	12.0	50.0	59.0	44.5	50.6	66.1	41.4	—	—	—	8.0	8.1	8.0	—	40.0	—
	Pittsburgh, Pa.*	—	—	—	45.1	50.5	39.0	—	—	—	16.3	22.8	12.8	—	—	—	45.8	57.4	32.5	—	—	—	—	—	—	—	—	—
2	Syracuse, N. Y.	43.2	48.0	36.1	37.4	46.1	30.3	18.6	25.1	15.6	17.7	19.8	14.8	—	49.8	—	—	47.6	—	—	—	—	—	—	—	—	—	—
	Utica, N. Y.	43.3	45.7	42.3	40.4	42.7	39.9	—	—	—	—	—	—	50.5	69.0	36.0	49.5	64.0	43.0	11.9	14.0	10.5	9.9	10.2	9.6	—	—	—
	Washington, D. C.	43.2	54.2	35.8	40.9	51.7	36.2	12.4	14.3	11.0	12.2	13.6	11.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
3	Huntington, W. Va.	57.0	64.4	49.5	47.8	49.3	46.3	—	8.6	—	9.7	12.8	6.6	—	—	—	—	—	—	—	10.9	—	—	10.0	—	—	—	—
	Baltimore, Md.	42.9	52.3	37.5	41.5	49.0	33.4	15.9	27.0	6.3	15.4	25.1	6.9	40.6	46.4	37.2	41.0	53.7	35.1	—	—	—	—	—	—	—	—	—
	Birmingham, Ala.	44.8	48.2	37.2	45.2	49.9	39.1	23.6	36.0	16.4	19.7	27.2	14.3	50.1	53.2	47.0	48.8	50.6	47.0	11.2	13.3	8.1	10.3	12.2	7.7		—	—
4	New Orleans, La.*	—	—	—	43.3	47.7	41.4	—	—	—	15.1	20.4	14.9	—	—	—	—	—	—	—	—	—	—	—	—		—	—
	Atlanta, Ga.	41.1	41.8	40.4	41.7	45.3	38.2	14.1	15.8	12.5	14.9	16.8	13.0	37.2	37.7	36.8	39.5	40.7	38.3	12.1	12.4	11.9	11.2	12.1	10.4	—	28.0	—
	Kansas City, Mo.*	—	—	—	67.6	80.1	55.8	—	—	—	26.8	37.1	16.6	—	—	—	47.2	55.1	36.0	—	—	—	9.6	12.0	7.2	—	—	—
5	St. Louis, Mo.	55.5	63.5	50.4	52.6	60.8	48.3	20.7	26.6	17.1	19.7	23.9	15.2	49.9	58.4	40.3	44.8	57.0	34.9	—	—	—	13.1	17.3	8.8	—	—	—
	Little Rock, Ark.*	—	—	—	39.2	45.4	38.0	—	—	—	11.7	11.9	11.6	—	—	—	—	—	—	—	—	—	13.3	13.4	8.9		—	—
	Cleveland, O.	49.3	55.4	47.6	48.6	54.8	43.8	21.6	30.4	12.8	18.1	23.4	13.0	43.2	45.0	38.2	38.3	38.4	37.3	9.7	10.6	9.3	8.7	13.0	8.5	[illegible]	52.4	31.7
	Cincinnati, O.	52.6	58.0	49.7	51.1	56.1	47.6	15.0	20.1	10.7	12.9	16.9	10.5	55.2	63.6	49.2	54.7	64.6	46.0	—	—	—	—	—	—	[illegible]	82.0	41.8
	Columbus, O.	49.1	57.8	48.0	49.4	56.3	49.0	12.9	13.3	12.5	12.8	13.9	11.7	48.8	51.1	46.5	48.5	49.0	48.0	12.5	13.3	10.1	12.8	13.9	11.7	—	—	—
	Toledo, O.	51.2	56.3	49.1	43.2	51.1	42.7	19.6	20.5	16.0	14.7	19.5	14.1	45.5	53.0	38.0	45.7	47.5	34.0	14.0	14.3	10.5	12.7	17.2	7.6	[illegible]	68.8	23.0
6	Youngstown, O.	50.2	50.9	49.4	43.1	45.0	41.2	15.0	15.1	14.9	16.0	18.7	13.2	51.0	58.3	43.7	44.9	57.3	32.5	—	—	—	—	9.4	—	—	30.6	—
	Detroit, Mich.	57.2	70.3	46.8	50.2	68.1	41.5	25.8	35.8	20.5	22.2	33.4	13.3	53.5	60.0	47.1	50.0	53.6	44.7	—	—	—	—	14.1	—	—	48.0	—
	Grand Rapids, Mich.	43.7	44.6	42.3	39.4	41.0	38.1	—	—	—	—	—	—	51.5	56.3	46.4	52.2	61.8	44.5	14.9	21.1	8.5	10.9	14.5	7.7	—	—	—
	Milwaukee, Wis.	51.5	59.9	42.6	47.8	55.4	41.4	19.4	20.8	17.9	18.0	22.1	15.8	—	53.7	—	50.0	54.0	46.0	—	—	—	9.1	10.2	8.0	—	—	—
	Springfield, Ill.	33.8	48.5	15.0	31.9	42.8	17.1	—	—	—	—	—	—	33.3	37.6	29.0	30.0	34.9	25.0	18.7	27.8	12.5	21.0	30.4	13.2	[illegible]	32.0	27.7
	Duluth, Minn.	—	37.5	—	—	35.2	—	—	—	—	—	—	—	56.6	63.9	42.0	57.0	66.1	48.0	—	—	—	—	—	—	—	—	—
	St. Paul, Minn.	56.9	62.1	53.0	55.8	60.3	53.4	—	—	—	—	—	—	47.9	50.0	45.0	46.3	47.6	45.0	—	—	—	—	—	—	—	—	—
	Minneapolis, Minn.	64.5	71.1	60.6	64.7	67.4	61.8	20.0	26.1	13.7	19.6	25.9	13.6	59.5	61.0	56.7	57.1	60.0	53.4	—	12.8	—	—	13.3	—	—	42.7	—
	Davenport, Ia.	56.9	60.5	53.4	54.1	56.4	51.8	16.7	18.1	15.2	18.0	19.5	16.5	—	50.0	—	—	44.2	—	—	—	—	—	—	—	—	—	—
7	Cedar Rapids, Ia.	64.0	68.2	50.0	54.0	54.0	48.3	29.3	31.0	27.7	—	20.5	—	—	—	—	—	63.0	—	—	—	—	—	—	—	—	—	—
	Sioux City, Ia.	51.2	54.8	41.0	45.1	54.0	38.0	17.0	28.1	16.9	18.0	38.9	15.4	—	40.0	—	—	43.0	—	—	33.0	—	—	33.0	—	—	—	—
	Omaha, Neb.	51.0	54.1	48.0	50.9	53.6	48.3	—	—	—	—	15.9	—	47.2	54.2	43.5	46.5	55.7	40.0	—	13.4	—	—	14.7	—	—	—	—
	North Platte, Neb.	—	45.2	—	—	41.3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Tulsa, Okla.	54.0	60.9	49.0	57.1	58.0	56.6	13.0	21.7	12.6	17.0	26.3	13.9	44.6	46.0	43.3	46.2	49.2	43.1	—	—	—	14.6	15.9	13.3	—	—	—
8	Oklahoma City*	—	—	—	55.8	65.3	45.4	—	—	—	14.8	28.1	10.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	San Antonio, Tex.	43.6	47.5	38.2	46.3	47.0	44.1	12.6	12.8	12.4	12.4	12.5	12.3	45.6	48.0	44.1	50.0	53.5	47.0	8.2	8.4	7.9	9.9	10.2	9.4	—	45.7	—
	Denver, Colo.	47.0	50.3	45.0	45.9	51.3	43.0	14.4	17.4	12.3	14.8	16.3	13.3	48.0	50.3	45.8	45.8	47.8	43.9	10.1	11.2	8.9	9.9	11.6	8.2	—	13.3[0]	—
9	Salt Lake City, Utah	60.5	67.6	54.8	58.2	61.7	58.1	21.2	27.1	17.3	18.1	21.2	15.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Casper, Wyo.	—	103.3	—	—	97.0	—	—	—	—	—	—	—	—	—	—	23.3	30.0	16.6	—	—	—	—	—	—	—	—	—
	Portland, Ore.	—	—	—	—	—	—	—	—	—	—	—	—	46.0	48.9	38.0	43.0	52.0	33.7	—	—	—	8.2	12.5	7.4	[illegible]	23.8[0]	5.4[0]
10	Spokane, Wash.	54.7	58.4	51.1	56.2	64.2	48.2	13.8	14.2	13.3	13.9	16.2	11.6	32.2	49.0	20.0	41.0	52.0	30.0	—	—	—	—	—	—	[illegible]	21.9[0]	20.8[0]
	Tacoma, Wash.	47.2	59.1	43.3	45.2	54.4	39.3	18.6	21.9	15.1	14.9	16.3	14.0	—	—	—	—	—	—	—	14.6	—	—	13.5	—	—	—	—
	Billings, Mont.	—	50.1	—	45.5	65.4	41.2	—	—	—	—	13.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	San Francisco and Oakland, Calif.	45.2	55.1	34.3	42.1	53.8	32.2	20.4	34.4	12.8	19.4	32.6	14.5	38.5	49.1	31.8	37.8	48.6	31.8	15.7	22.5	12.8	15.0	20.7	10.4	—	—	—
11	Los Angeles, Calif.	60.1	64.6	53.4	59.1	63.6	52.4	19.0	23.9	17.0	20.8	25.4	17.7	57.2	65.5	55.0	58.6	60.2	46.0	—	—	—	—	—	—	—	44.8	—
	Santa Barbara, Calif.	42.6	50.3	37.2	44.1	54.0	37.6	—	—	—	—	—	—	57.7	68.1	49.2	59.8	76.0	43.1	—	—	—	—	—	—	—	—	—
	Ottawa, Ont.	38.8	39.9	37.8	37.9	40.3	35.6	16.1	16.8	15.4	15.1	15.9	14.3	32.7	33.0	32.5	33.7	34.5	33.0	—	8.5	—	—	10.0	—	—	—	—
12	Vancouver, B. C.	61.8	65.1	58.6	61.6	64.9	58.3	27.6	32.7	22.6	24.1	24.3	24.0	58.1	67.3	49.0	53.2	69.0	37.5	13.0	18.0	8.0	—	13.0	—	—	33.0	—
	Victoria, B. C.	59.5	61.0	58.1	56.4	57.9	54.9	23.1	28.2	18.0	22.5	24.9	20.1	—	50.5	—	—	45.1	—	—	—	—	—	—	—	—	—	—

*1935 figures not received at press time
[0]Installment
[1]Furriers
[2]Laundry
[4]Plumbing
[5]Lumber
[6]Paper and Paint
[7]Coal
[8]Cleaning and Dyeing
[11]B[illegible]ders' Supp[illegible]
[12]O[illegible]cian

—November, 1935, *Versus* November, 1934

S	EWELRY STORES						MEN'S CLOTHING STORES						SHOE STORES						AUTO ACCESSORIES, TIRES, GAS AND OIL						MISCELLANEOUS					
	1935			1934			1935			1934			1935			1934			1935			1934			1935			1934		
LO.	A	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
—	61	66.7	56.2	52.8	63.0	52.7	—	55.5	—	—	53.4	—	—	60.0	—	55.0	56.8	53.3	—	—	—	—	62.4	—	59.5	68.7[15]	44.0[11]	57.9	66.0[23]	37.0[11]
—	-	—	—	—	—	—	—	—	—	—	—	—	56.6	57.3	56.0	52.5	55.5	49.5	—	40.0	—	—	40.0	—	67.0	83.0[7]	25.0[4]	61.4	82.8[2]	42.0[12]
8.6	-	—	—	—	—	—	—	72.6	—	—	71.2	—	—	—	—	—	—	—	61.5	74.6	48.5	—	78.3	—	58.5	62.0[7]	44.0[19]	52.5	64.0[7]	38.0[20]
—	-	—	—	—	—	—	—	—	—	—	—	—	—	56.6	—	—	57.3	—	—	72.5	—	—	76.0	—	63.6	65.0[8]	62.2[2]	57.2	83.7[8]	49.0[4]
—	-	—	—	—	—	—	62.5	85.0	40.0	53.7	73.0	34.5	—	50.0	—	—	45.4	—	47.0	57.0	37.0	51.0	70.0	32.0	52.4	79.0[7]	33.7[16]	51.2	64.0[7]	33.7[16]
8.0	-	40.0	—	25.5	39.0	12.0	51.2	73.4	45.5	46.0	64.6	38.5	53.8	62.2	47.2	57.7	58.3	57.0	64.8	67.0	62.3	64.0	66.0	62.0	68.7	74.8[7]	58.0[20]	63.9	80.0[7]	37.0[20]
—	-	—	—	42.3	47.2	37.4	—	—	—	—	—	—	—	—	—	54.7	66.5	43.0	—	—	—	—	—	—	—	—	—	63.5	89.4[13]	26.5[3]
—	-	—	—	—	—	—	45.3	53.7	37.0	44.9	47.0	32.0	—	—	—	—	—	—	61.5	72.6	50.4	58.9	60.4	57.4	26.6	49.0[8]	23.3[7]	37.0	47.0[7]	23.4[7]
9.6	-	—	—	—	—	—	30.1	35.0	27.0	27.8	30.0	26.0	—	—	—	—	—	—	—	—	—	64.3	75.5	57.2	39.4[11]	57.7[11]	30.0[11]	47.4[11]	52.8[11]	42.0[11]
—	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	-	—	—	—	—	—	—	—	—	—	34.5	—	—	—	—	—	—	—	—	51.5	—	—	—	—	48.0	50.1[14]	41.8[6]	50.0	60.0[6]	40.0[8]
—	-	—	—	—	—	—	—	35.5	—	—	30.2	—	47.7	50.7	43.5	43.6	46.9	40.0	—	—	—	—	—	—	—	—	—	—	—	—
7.7	-	—	—	—	—	—	43.0	48.9	38.0	42.1	49.3	38.0	—	—	—	—	—	—	47.3	55.4	37.0	62.0	69.8	47.0	—	—	—	—	—	—
—	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10.4	-	28.0	—	—	22.6	—	—	36.8	—	36.2	36.3	36.2	—	—	—	—	—	—	—	—	—	—	—	—	37.4[7]	38.2[7]	36.6[7]	38.9[7]	49.5[7]	28.4[7]
7.2	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	52.4	59.0	43.4	—	—	—	75.8	77.1	74.5	—	—	—	—	—	—
8.8	-	—	—	43.0	46.0	40.0	42.7	44.4	40.2	44.7	49.8	40.8	—	—	—	45.9	50.4	43.0	—	—	—	57.0	58.0	56.0	—	—	—	61.5[7]	78.7[7]	49.8[7]
8.9	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	66.8	75.1	61.5	—	—	—	—	—	—
8.5	35	52.4	31.7	35.6	47.7	30.2	41.7	75.3	38.7	39.8	63.9	33.0	48.2	78.8	44.4	56.8	68.0	49.6	—	—	—	—	—	—	48.0[7]	51.0[7]	38.6[7]	49.7[7]	59.9[7]	28.0[7]
—	60	82.0	41.8	52.6	67.2	42.1	44.6	46.2	43.0	42.3	46.0	38.7	64.8	72.0	60.2	52.3	63.7	40.4	—	—	—	—	—	—	54.9	76.5	35.8	56.5	77.0	29.1
11.7	-	—	—	—	—	—	—	—	—	47.0	49.6	41.4	—	—	—	—	—	—	—	—	—	—	—	—	—	61.8[8]	—	—	—	—
7.6	45	68.8	23.0	39.8	58.2	21.4	40.4	42.6	38.2	33.7	34.0	33.4	—	—	—	—	—	—	—	—	—	51.2	58.5	44.0	—	49.4	—	69.1	77.4[15]	60.9[16]
—	-	30.6	—	—	29.0	—	44.3	63.0	22.0	33.8	45.0	17.0	—	—	—	—	—	—	—	—	—	—	91.7	—	42.5[16]	52.3[16]	32.7[16]	28.2[16]	35.3[16]	21.0[16]
—	-	48.0	—	—	57.0	—	49.4	51.6	47.0	47.0	57.0	41.0	54.9	60.1	49.8	55.4	58.0	52.7	—	—	—	—	—	—	—	—	—	—	—	—
7.7	-	—	—	—	—	—	61.9	94.0	46.2	52.7	76.0	35.0	—	—	—	—	—	—	49.0	49.0	49.0	50.9	61.4	40.4	56.9[7]	94.0[7]	32.5[7]	58.9[7]	98.0[7]	32.0[7]
8.0	-	—	—	—	14.5	—	—	51.3	—	49.5	54.0	45.0	52.4	60.6	44.3	50.3	59.9	40.8	—	—	—	—	—	—	—	—	—	—	74.2[1]	—
13.2	2	32.0	27.7	24.8	24.8	24.8	38.9	41.8	36.0	31.0	35.9	26.0	34.9	35.8	34.0	33.0	36.0	30.0	55.6	75.0	38.0	52.1	73.0	30.0	49.1[7]	69.5[7]	29.0[7]	36.0[7]	46.0[7]	24.8[7]
—	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	47.0	90.0	36.9	55.0	64.3[21]	41.1[16]	51.1	60.0[21]	32.4[16]
—	-	—	—	—	—	—	46.7	51.0	41.0	42.1	46.0	40.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	-	42.7	—	—	39.8	—	56.6	60.2	53.1	42.5	43.7	41.2	—	—	—	—	—	—	58.7	77.0	40.5	47.4	68.0	26.9	54.7[7]	84.5[7]	34.0[7]	62.3[7]	90.0[7]	42.8[7]
—	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	-	—	—	—	—	—	49.6	52.0	47.3	53.5	58.0	49.0	—	61.0	—	—	53.0	—	—	—	—	—	—	—	—	53.8	—	—	50.4	—
—	-	—	—	—	—	—	—	48.9	—	—	43.7	—	—	51.0	—	—	41.0	—	—	—	—	—	—	—	—	45.8[7]	—	—	41.0[7]	—
—	-	—	—	—	—	—	—	53.5	—	—	51.9	—	—	51.0	—	—	48.8	—	—	68.0	—	—	71.0	—	—	71.2[2]	—	—	77.0[2]	—
—	-	—	—	—	—	—	—	61.9	—	—	47.7	—	—	—	—	—	—	—	—	64.5	—	—	31.8	—	—	55.9[8]	—	—	—	—
13.3	-	—	—	—	—	—	58.1	67.8	48.7	53.7	55.5	52.0	—	52.4	—	45.9	57.2	34.6	—	76.0	—	74.1	87.0	45.6	—	27.0[19]	—	—	21.0[19]	—
—	-	—	—	—	—	—	—	—	—	41.4	47.1	35.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9.4	-	45.7	—	—	49.8	—	—	41.6	—	—	44.2	—	—	53.2	—	—	53.9	—	—	—	—	—	—	—	—	—	—	—	—	—
8.2	-	13.3°	—	—	10.7°	—	49.6	50.3	49.0	48.2	48.6	47.8	45.9	56.0	35.7	45.9	57.2	34.6	—	60.0	—	—	71.3	—	—	—	—	60.0	68.0[8]	34.7[8]
—	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	-	—	—	—	—	—	44.0	60.0	28.0	32.5	40.0	25.0	47.0	57.3	37.8	52.5	53.0	52.0	—	—	—	—	—	—	—	—	—	—	—	—
7.4	11	23.8°	5.4°	11.0°	23.3°	4.7°	—	—	—	43.8	48.5	41.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	21	21.9°	20.8°	20.2°	21.2°	19.2°	39.9	44.1	38.8	—	33.8	—	—	—	—	—	—	—	—	—	—	57.2	59.1	55.4	59.5	88.0[11]	47.0[9]	51.5	65.0[7]	46.0[1]
—	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	53.8	68.7[13]	39.0[18]	58.2	68.4[13]	48.0[18]
—	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	35.5	—	40.4	42.3[16]	38.5[5]
10.4	-	—	—	—	—	—	44.6	48.0	28.0	40.9	48.0	25.9	40.8	42.5	39.1	34.4	38.1	30.8	—	—	—	—	—	—	—	—	—	—	—	—
—	-	44.8	—	—	51.0	—	51.0	63.9	49.0	48.7	61.1	39.7	54.5	63.4	52.3	53.4	60.3	48.0	—	—	—	—	—	—	74.4[13]	81.5[13]	67.4[13]	86.0[15]	96.4[13]	75.6[13]
—	-	—	—	—	—	—	47.4	55.9	34.8	44.5	52.1	30.5	53.0	78.3	38.9	45.3	62.1	33.0	—	—	—	—	—	—	59.2[13]	69.0[13]	45.9[13]	57.5[13]	64.2[19]	49.2[13]
—	-	—	—	—	—	—	41.9	49.6	34.3	41.5	45.6	37.4	—	—	—	—	—	—	48.1	71.0	25.3	—	48.0	—	45.0[11]	46.0[11]	44.0[11]	45.0[11]	47.0[11]	43.0[11]
—	-	33.0	—	—	49.0	—	35.0	47.1	46.5	33.5	49.0	18.0	—	47.0	—	—	32.6	—	62.7	78.0	47.4	—	58.4	—	74.3	98.9[16]	42.0[7]	81.0	97.0[7]	56.0[16]
—	-	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

[11]B[illegible]ders' Supplies
[12]O[illegible]cian

[13]Grocery
[14]Stationery, Office Supplies

[15]Florist
[16]Hardware

[19]Dairy
[20]Sports Wear

[21]Leather Goods
[23]Household Equipment

Facts About the 1935 U. S. Retail Credit Study

By H. T. LA CROSSE

In Charge of Credit Research Projects in the Market Data Section, Bureau of Foreign and Domestic Commerce.

THE credit manager of today is one of the key men in the orderly conduct of retailing. When the volume of retail credit expands more rapidly than the increasing resources of the nation warrant, trouble follows as inevitably as when an individual business expands beyond the capacity of its working capital.

With a view to keeping credit within safe limits, the National Retail Credit Association has constantly urged the necessity of collecting factual material on various phases of credit granting. It was at their instance that the Bureau of Foreign and Domestic Commerce first addressed itself, in 1928, to the problem of collecting and analyzing data in this field. That year saw the initiation of a nation-wide survey with results published early in 1930 revealing great possibilities for the elimination of wasted efforts and financial loss in credit selling.

Retail credit performs a very important function in our economic life. As millions of consumers enjoy its beneficial effects it is accepted as one of the corner stones of the American standard of living. The administration of this business, involving billions of dollars annually, requires exceptional ability on the part of credit executives who, in turn, need pertinent figures on which to base their decisions.

The comparison of practices of individual establishments in various phases of credit activity with national and regional averages provides a quick measure of operating efficiency. Such figures are made available by the series of retail credit studies conducted by the Bureau of Foreign and Domestic Commerce in cooperation with the National Retail Credit Association.

H. T. LA CROSSE.

This basic credit information proved so useful that the Association requested the continuation of the work. Although this was not possible on an extensive scale, the Bureau was able to conduct a series of eight semiannual studies during the years 1930 to 1933. These studies covered six kinds of stores in 29 cities.

The 1934 study was placed on an annual basis and included 12 kinds of retail trades located in 79 cities. The present study covering 1935 has been expanded by the addition of two new trades and ten cities. The importance of these 14 trades is evidenced by the fact that they account for over two-thirds of the total volume of credit sales in the country.

Every credit manager undoubtedly realizes the advantages to be gained from these periodic studies of credit conditions. Each line of trade studied in relation to its importance in the national retail credit pattern and according to practices prevailing in every important section of the country will provide the credit executive with a fund of reliable facts on which to formulate his own credit policies.

The report forms distributed early in January to representative firms throughout the country call for information of a basic character and relatively easy to furnish. Dollar figures are requested on various subjects for the full years 1934 and 1935. However, published results will deal in percentages and be shown principally by trades. In this way it will be impossible to identify the activity of any one firm.

Some of the questions that might properly be asked by the credit executive are: In what way will the information collected assist me in extending credit safely? Does it add to my knowledge of credit? Will it contribute to a lowering of credit costs? In each case the answer is "Yes."

Indices of retail credit such as collection percentages, bad debt losses, and percentages of business transacted on a credit basis convey much significant information regarding credit conditions in general. A brief description will serve to indicate how this contributes to the successful operation of the credit department.

1. *Collection percentages.* The rate at which customers make payments on their credit purchases has a direct bearing on the costs of doing a credit business. The longer an account is owing, the greater the items of interest cost and the probability of loss from uncollectibility. The added interest cost incurred through the slowing up of collections may be illustrated by the following example:

Assume that a retail store collects each month 33⅓ per cent of its open-credit accounts receivable. This means that, on the average, each dollar of open-credit sales requires 90 days for payment. If the total yearly volume of sales in this class is $100,000 and the rate of interest on capital is 6 per cent, the annual interest cost will be $1,500, obtained by multiplying the sales figure by 1.5 per cent ($\frac{90}{360}$ days x 6 per cent). On the other hand, if the collection ratio were increased to 50 per cent, each dollar of credit sales would require only 60 days on the average for payment and annual interest cost would be reduced by $500 for each $100,000 of sales. Any increase in turnover, therefore, brings about a corresponding decrease in interest cost.

The results of the present study will enable the credit executive to determine if his average speed of collections is in line with the general average. Where his results are out of line he can take active steps to achieve what others are doing in his own trade and locality.

2. *Losses from bad debts.* A large share of credit costs are accounted for by losses from uncollectible accounts. Although such costs cannot be eliminated entirely in carrying on a credit business, they can be kept at a minimum in a number of ways.

First, credit should not be granted indiscriminately for the sole purpose of stimulating sales. If proper safeguards are overlooked the resulting effect is increased bad debt losses and diminishing profits.

Second, every attempt should be made to collect an account as soon as it becomes overdue. This will eliminate a probable loss as well as reduce interest cost on receivables.

Third, the credit executive should have statistics of average bad debt losses for his trade and locality. By comparison he can determine immediately whether a dangerous condition exists or that the results being obtained by his collection efforts are satisfactory.

3. *Percentages of business transacted on a credit basis.* Proportions of business transacted on an open-account and installment basis in each line of trade prove very helpful aids in controlling credit volume. A measurement of the changes in percentages of business on a credit basis from year to year shows the credit executive when his credit sales are expanding too rapidly or he is failing to realize potential business through the medium of credit.

From early in 1930 to the late months of 1933 the ratios of credit to total sales decreased steadily with cash sales increasing correspondingly. The year 1934, however, revealed a definite reversal of the previous downward trend, credit sales accounting for increased proportions of total sales in comparison with figures for 1933. Installment sales, in particular, registered a marked increase, the continuation of which may or may not be warranted. If the consumer is sold merchandise on this basis beyond his capacity to pay over a normal period of time, serious consequences follow. The pyramiding of accounts receivable with higher bad debt losses handicaps business, delaying recovery. For this reason sales data and other related information are being awaited so that analysis can be made of the situation and future policies be determined accordingly.

For the first time in these studies figures are being requested on the extent to which consumers' accounts with retailers were long overdue. Of the amounts of accounts receivable outstanding at the end of the years 1934 and 1935 merchants are asked to indicate the proportions overdue for three months or longer. This type of information will throw additional light on the characteristics of consumer debts. Where the merchant finds an abnormal portion of his capital tied up in these accounts by comparison with average figures for his trade he can read the danger signals and take steps to salvage as much of these potential bad debt losses as possible.

Other facts will be developed from the study pertaining to the practice of merchants transferring installment paper to finance companies or similar agencies; which methods prove most effective in collecting overdue accounts; and the use of various credit agencies in passing on the credit worthiness of applicants for credit. Some worth-while correlations can be made between this type of information and the statistical data obtained.

All of the data collected will be presented separately by each trade, classified according to size of business and region of the country. In order to make it of the widest possible use to the credit executive, the maximum and minimum efficiency in each phase of credit activity will be shown along with the average. A breakdown also will be available for each city where a trade is represented by five or more reports.

Probably the greatest hazard to permanently successful credit administration is blind management. The direction of such activity by trial and error experimentation is apt to result in a high rate of business mortality. Facts supplied by credit managers such as those requested in the present study furnish data for the successful handling of credit. The responsibility of providing these facts rests with the credit manager. Only by his fullest cooperation in this study can the objective be fulfilled.

Chicago Association Sets Goal at 200 New National Members!

And Chicago's Slogan Is "I Will"

John D. Kemper—Credit Manager, Mandel Brothers, Chicago; President, Associated Retail Credit Men of Chicago; President, Thirteenth District, N. R. C. A.

Frederick L. Davies—Secretary-Treasurer, Associated Retail Credit Men of Chicago; Manager, Chicago Credit Bureau and Credit Reference Exchange.

IN CHICAGO, it is predicted that the year 1936 will be a pleasant and prosperous one for the National Retail Credit Association. This is Chicago's wish, and it proposes to express the sincerity of that wish in the form of National memberships. A campaign for new members, and the revival of old ones in the local organization, the Associated Retail Credit Men of Chicago (the affiliate of the National), is under way and will produce the memberships. *It aims at a mark of two hundred new National members!*

The Chicago Association is an old organization of continuous active existence since 1917. It is 100 per cent National and always has been. Its membership includes all of the larger and more important retail houses of the city, and its officers, directors and membership make a roster of leading credit managers, both men and women. It has with regularity, for nearly twenty years, held its monthly forum meetings, banquets and gayer meetings of entertainment.

At the December meeting of the Association, held December 6 at the Palmer House, new officers and directors for the coming year were introduced. President John D. Kemper, Credit Manager of Mandel Brothers, presided. Other officers are:

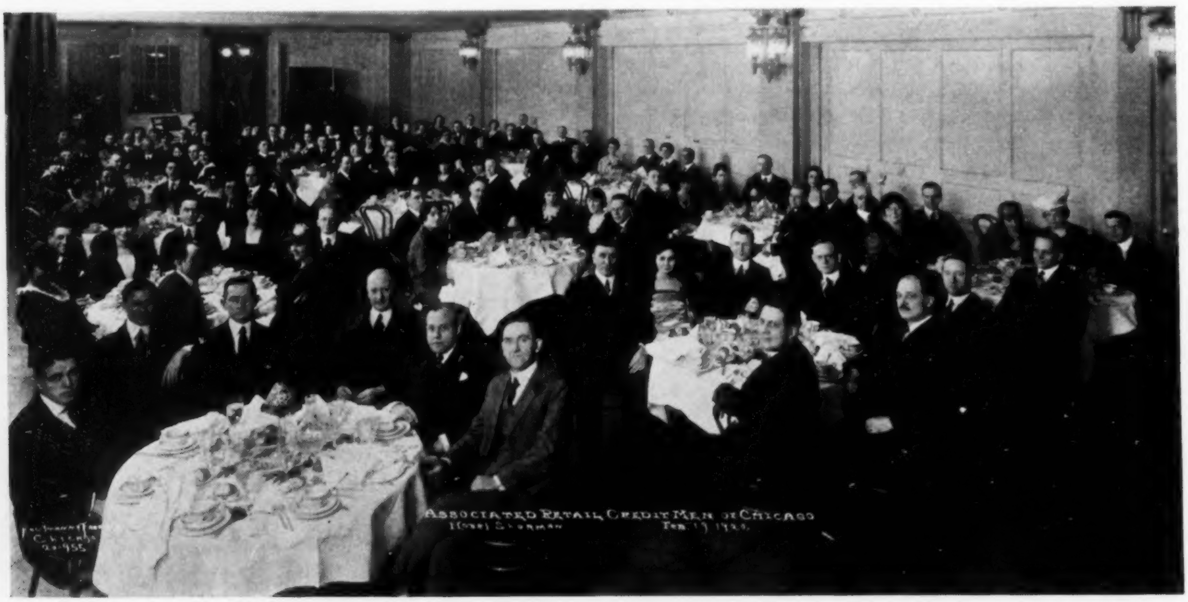
First Vice-President—C. E. Moore (Chas. A. Stevens & Co.).

Second Vice-President—R. P. Johnson (Straus & Schram).

Third Vice-President—L. R. Pearson (Martha Weathered Shops).

Secretary-Treasurer—F. L. Davies (Credit Reference Exchange, Inc.). The directors, in addition to the officers, include the following Credit Managers:

Harry Dreis, L. Klein, Inc.; George F. Gersten,



National Officers entertained by Chicago Association at dinner meeting, February 19, 1920; seated at table in right foreground (reading clockwise): S. E. Blandford (Immediate Past President); Miss Gladys Russell (Convention Reporter); M. J. Solon (National Director); D. W. Ahl (National Director and later President); Col. Franklin Blackstone (then National President); J. E. Murtaugh (President, Associated Retail Credit Men of Chicago); and L. S. Crowder.

Mandel Brothers; Theo. Lacey, Jr., Wieboldt Stores, Inc.; W. S. Martens, Carson Pirie Scott & Co.; Benjamin F. Moran, Maurice L. Rothschild; E. T. O'Brien, Leschin, Inc.; Fred A. Smith, The Fair; Wm. H. Springer, Davis Store; M. A. H. Turner, F. E. Foster & Co.; and A. N. Van Sickle, Lyon & Healy, Inc.

President Kemper emphasized the value of the regular meetings at which worth-while subjects are discussed, and pledged himself to the continuance of such a program for 1936, inviting suggestions from the members. He announced that a program chairman would be appointed for each session, and asked W. S. Martens, outgoing President (and Chairman of the Credit Management Division of the National Retail Dry Goods Association), to arrange the program for the January meeting. Mr. Martens later announced that a series of papers would be read by different credit men on the several phases of installment accounts, a subject which aroused considerable interest and discussion among the forty-eight members at the December gathering.

Mr. Kemper, in addition to being President of the Chicago Association, is also President of the 13th District of the National Retail Credit Association (Illinois, Indiana and Wisconsin), having been elected to that office at the Cleveland Conference (in 1935). He has always been active in credit circles, having served on the local board as early as 1920.

Frederick L. Davies has been Secretary of the Chicago Association since its inception, and in addition to his duties as chief scribe and exchequer for the credit men of the city, operates the Chicago Credit Bureau, Inc., and Credit Reference Exchange, Inc., the local accredited credit affiliate of the Chicago Association and the N. C. C. R. C. Mr. Davies was one of the founders of the Associated Retail Credit Men of Chicago, and has done much to further good credit in Chicago.

President Kemper states his "hat is in the ring" for new members, and has promised to keep National Headquarters busy while he and Secretary-Treasurer Davies, in cooperation with other members, "go places and do things."

What Is the Most Important Credit Problem for 1936?

(*Continued from page 4.*)

long any account may run unpaid before charge privileges are suspended.—Clyde William Phelps, Head of Department of Economics and Commerce, Chattanooga, Tenn.

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To Unite All Credit Granters and Unify Credit Thinking

At times credit thinking lacks unity—credit action is disorganized—because *too many* credit granters think of organization only in terms of groups. Their first thought is, "Let's form a credit group," so we have group after group, and groups within groups, striving to serve the credit needs of particular lines or branches of industry, overlooking the fact that *most retail credit problems are the universal problems of all retailers.*

Each such group is in the minority, lacking the power of unity, while if all were united aggressively, acting in one national organization, *that would constitute an organization capable of achieving greater credit protection for all.* Each would serve its own interest best by unselfish cooperation for the mutual protection of all retail credit granters, thereby curbing credit abuses.

This, in my opinion, is one of the greatest retail credit problems for 1936.—E. F. Horner, Credit Manager, Kline's, Inc., St. Louis, Mo.

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To "Merchandise" Credit Properly

Did you ever stop to consider that you, as Manager of Credit Sales, are just as much a "buyer" as the regular buyer of merchandise? On this basis, aren't your results much better at the end of the year than those of the merchandise buyer? For instance, if you open 25,000 accounts in a year, they are the lines of merchandise that you have "purchased" and selected as profit-makers for your company. Your losses which are charged off at the end of the year can be considered as "mark-downs," and I will warrant that, on the percentage of losses against your charge sales, your "mark-downs" are much lower than those of any merchandise buyer in your store.

The Credit Manager today has the same opportunity to display his merchandising ability as the merchandise buyer. The collection letters, for instance, which he sends out are his displays or ads, and collections made from these "ads" should be just as profitable to him as a newspaper ad is to the merchandise buyer. Therefore, if your collection percentage is within the "budget" your store has allotted you, and your losses within this budget, you, as Credit Manager, have nothing to worry about.

A year ago the writer stated that there was a rumbling of longer terms, and the past year has proved that this rumbling rolled into action, and today most of us are confronted with the ninety-day or three-payment plan. Three years ago, if we thought of selling merchandise on this plan, we would have been called "crazy," and told that the whole credit structure we had been trying to build on the thirty-day credit basis for over fifteen years would be wrecked!

What have the results been? We are all doing a much larger charge business on a thirty-day basis, and a very good business on the ninety-day, three-payment plan.

What 1936 has in store for us, in the way of still more liberal terms, we know not, but will have to rely on our "horse sense" as our guide, and our ability to cope profitably with any and all situations pertaining to credits and collections.—Joel J. Pincus, Manager of Credit Sales, The Outlet Company, Providence, R. I.

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"Selling" the Community Credit Policy Idea

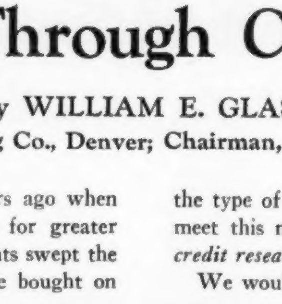
The greatest problem confronting credit executives in the year 1936 is the selling and convincing the merchants and professional men of the soundness and advisability of a Community Credit Policy and the necessity of wholehearted cooperation with their local and national retail credit associations.—Jas. G. McBride, Controller, The Geo. Innes, Co., Wichita, Kan.; President, Seventh District, N. R. C. A.

Is the Answer--Education Through *Credit Research?*

By WILLIAM E. GLASS

Secretary, The Cottrell Clothing Co., Denver; Chairman, Research Committee, N.R.C.A.

WE ALL remember how, a few years ago when store executives were pounding on for greater volume, the plan of extended payments swept the country. Anything and everything could be bought on payment plans of from 3 to 12 monthly payments or even 24 or 36 monthly installments. Then came the depression and all business was required to draw in and we shifted back to a more sane credit plan.



What is confronting us now? We are going forward in volume, and we see over the country a sweeping tendency for longer credit terms and the budget system. A great many credit men will throw up their hands in horror in trying to handle this great onrush of new credit business at extended terms. Will the credit men fall into the same rut of loose credit or will the credit men assert themselves and operate under a *new and safer* budget plan *under control?*

Monetary expansion has been resorted to in many countries and, every time, the Government resorting to it has made the statement that it would be controlled. Now, with our own country coming forward with retail credit extension, will Credit Sales Managers of America be able to meet the task and keep this new budget- and extended-credit under control?

In the September 25, 1935, issue of *Men's Wear,* Mr. L. S. Crowder, General Manager-Treasurer of the National Retail Credit Association, has an article entitled "NINETY DAYS TO PAY—BUT—THEN WHAT?" My answer to that is this:

I believe we should develop a firm foundation for this new expansion through a careful study of the problem by our Research Division under the supervision of our Research Committee. With this information the retail credit executives can keep a close finger on the situation.

But—if this is allowed to drift as it did a few years ago, we will get into an even greater war of credit competition and soon "your terms" will be our terms and credit will be on the loose again. And, as merchants, we will all wake up shortly to find our books loaded with poor credit and our losses will increase accordingly.

Is our problem to try and stem the wave of credit expansion and longer terms that seem to be well on the way—or—is it our problem, through the National Retail Credit Association, to help find the necessary tools and equipment for the credit executives of America with which to meet this new wave of credit extension and help us all capitalize on the additional volume with a new and bigger *budget plan under control?*

Can the Research Committee be of any help in finding the type of information the credit men of today need to meet this new onrush of longer terms? *Is the answer credit research?*

We would appreciate it if you would forward to Mr. Arthur H. Hert, our Research Director, any suggestions you may have or questions you might want to ask that will help the Research Committee in collecting data that will benefit the credit man today in meeting the problem of controlled credit expansion or *the new budget plan under control.*

The results of a study by the Research Division on the selling of all types of merchandise on the deferred payment plan were published in the December issue of THE CREDIT WORLD. The February issue will contain the results of an analysis of the stores selling wearing apparel on the deferred payment plan.

Additional studies of problems of interest to credit executives will be made by the Research Division as requested by the membership. We sincerely hope that you will refer *the subjects that are of interest to you* to the Research Division for further study.

President Driver has appointed the following men to serve on the Research Committee for the year 1935-36. Each National district is represented by one member.

1—C. W. Harvey, Gilchrist Co., Boston, Massachusetts.
2—W. A. Atkinson, W. L. Hurley Co., Camden, New Jersey.
3—P. W. Schaefer, Burdine's, Miami, Florida.
4—W. G. Finnan, L. Feibleman and Co., New Orleans, Louisiana.
5—C. A. Brandes, M. O'Neil Co., Akron, Ohio.
6—Ralph Cornelison, H. A. Rogers Co., Minneapolis, Minnesota.
7—C. D. Hill, Pfeifer Bros., Little Rock, Arkansas.
8—W. F. Salt, Lone Star Gas Co., Fort Worth, Texas.
9—W. E. Glass, Cottrell Clothing Co., Denver, Colo.
10—Frederic Young, Lipman, Wolfe & Co., Portland, Oregon.
11—E. K. Bartlett, Wetherby-Kayser Shoe Co., Los Angeles, California.
12—B. I. Gentry, Woodrum Home Outfitting Co., Charleston, West Virginia
13—E. E. Paulus, Ed. Schuster Co., Milwaukee, Wisconsin.

The Foundations of the Credit Structure

(*Continued for page* 7.)

sults of this can only be the destruction of sound credit practices, the disappointment of the buyers who are being oversold, and the derangement of the industry; to say nothing of a heavy loss to the taxpayers who are maintaining these Federal agencies.

This incursion of the Government into the field of installment selling and financing, with its attempt to regulate the cost of capital, and its attempt to divert purchasing into particular channels, is a logical application of the general theory of a "Planned Economy," which is the euphemistic title evolved by the professorial clique in Washington to excuse their intermeddling in matters which are no proper concern of Government.

The proponents of this "Politically Planned Economy" would have the public believe that the economic pattern which has heretofore prevailed, is without plan, chaotic, and essentially wasteful. This, however, is directly contrary to the facts. In an economic order, free from Governmental interference, every individual contributes to the formulation and development of the national economic plan.

The manufacturer, the merchant, the banker, the farmer, the purchaser, is each constantly contributing to the plan at the point where he is best qualified to contribute to it. Each of us is only qualified in a limited field. There is no such thing as a universal expert. We all know how difficult it is to become expert even in one limited field.

The purchasing public contributes more directly to the formulation of the national plan than any other factor. For, as we all know, the public is constantly expressing its preference for certain commodities, for certain new products, and its indifference toward other articles and commodities. This determines the scale of production of such articles and commodities.

This is a completely democratic arrangement, and is directly in contrast with the "Planned Economy" which represents the limited knowledge and prejudices of a small group that finds itself clothed with a certain brief Governmental authority.

Persons reared in a scholastic environment, and trained to the peaceful regularity of that sheltered existence, are confused and overwhelmed by the seeming lack of order which exists in the competitive struggle of the business world, and long to see the Government establish an artificial regularity. They rationalize their mental confusion by calling this a "Planned Economy" and by making themselves believe that it is superior to the complexity of the natural order.

The fact of the matter is that the factors which affect our economic life are so numerous no one brain can identify them and equate them. Consequently it is absurd for anyone to attempt to arrogate to himself the divine right of saying that the movement must go in one direction or the other. Under our so-called individualistic system of unrestrained competition, where "trial-and-error" is given full play, certain projects succeed while others fail, and certain methods demonstrate themselves as superior. There is no intelligence that can express as sound a judgment as to what enterprises should and will succeed, as the public at large.

The present business depression, the longest the nation has ever endured, with eleven million workers still unemployed, has been prolonged by the well-intentioned but mistaken efforts of both the present and the preceding Federal administrations to employ the power of Government to prevent the natural operation of economic forces.

A free or natural economy expresses itself clearly and certainly in terms of price. If the public wants a certain article or service, it buys it eagerly and the price rises, with the result that production, employment and capital investment in that particular field are stimulated. If the public loses interest in a certain commodity or service, it withdraws its patronage and the price declines, with the result that production, employment and capital investment in that activity decline. This is a wholly accurate method of altering our economy in response to the changing needs and perceptions of the people who make up the nation. Any attempt on the part of the Government to alter these tendencies can only result in harm to the economic well-being of the nation, because it delays adjustments which should take place, and involves expenditures which must be paid for with taxes upon the profits of business, in consequence of which the net increment of national wealth is diminished.

The fetish of a particular price level, to which the present administration bows down and worships, and to serve which it has rocked the foundations of our monetary system, and disrupted the normal relationships of business, has no more validity than a totem pole.

The theory that cheap money, artificially cheapened by a Governmental subvention, will contribute to economic recovery is a complete delusion. On the contrary, the one thing that would stimulate prompt recovery would be to permit capital to earn whatever reward the present risks entitle it to. This would tend to recreate the flow into the veins of our economic system of the fifteen to twenty billion dollars a year of fresh capital which sustained our prosperity before the depression and which has almost completely disappeared since the depression.

Likewise the attempts of the Government to raise the level of wages and shorten the hours of labor, in the face of a labor surplus, serve to accelerate the tendency toward the substitution of machines for man power, and to create more unemployment than would otherwise exist.

The whole stupendous effort of the Government has produced a purely negative result. Like Sisyphus and his fruitless labors, the Government is endeavoring to push the ball of prosperity up hill with the lever of public expenditure, but it is constantly rolling back down the hill, because the point of the lever, which is operating costs and taxes, is constantly scraping the solid ground away.

It is impossible to stimulate purchasing power at the expense of profit. Moreover, being credit men, we know that the national economy cannot benefit when the Government is operating at a deficit, financed by bank borrowing, because this tends to unsettle the very foundation of our credit structure, *which is confidence of the future.*

While my attitude toward the present trend of affairs is extremely cynical, it is not pessimistic, for I believe that we are undergoing a profoundly significant experience in public education, which will ultimately build up a sales resistance against political economic nostrums and so pro-

(*Continued on page* 26.)

CREDIT *D*EPARTMENT *L*ETTERS

[A New Department - - Devoted to Credit Sales Department Correspondence - - Conducted by Daniel J. Hannefin]

JANUARY, the month of inventory in modern business, is a good time to "take stock" of credit department correspondence, too. While you are taking stock of obsolete merchandise and other physical assets, mentally inventory what needs to be one of the most efficient parts of your department—your letter methods and phraseology.

Look at your letters—those you have written during the past year—with an impartial, an *outside* viewpoint, and determine *their* inventory value. Are they efficient? Are they courteous? Are they up-to-date in their phrasing? Or, are they still couched in the quill-pen phrases of horse-and-buggy days and cluttered with meaningless sentences and repetitions which have, unconsciously, crept into your dictation—*and stayed there?*

For a real test of this, try putting yourself in the customer's place. Imagine yourself on the receiving end and ask yourself, honestly: "What effect would this letter have on me?"

This is a good time, too, to revamp your methods of stating your terms, to check your letters to see if you are as careful in stating and *re-stating* your terms as you expect your customers to be in remembering them!

It is well to remember that your collection letters must do a continuous job of re-selling your terms, must continually remind your customers that *each month's purchases are due on the first of the following month and payable not later than the tenth.* It is not enough to assume that, because your terms are printed, in small type, on your application blank and on your statements, your customers are as familiar with them as you are.

Customers do forget (many of them intentionally) and it's your job to remind them!

For this reason, we show on the opposite page, the inside pages of a four-page letter used by The Cain-Sloan Company of Nashville, Tenn. (*See Figure 2.*) This letter, which carries the firm's letterhead on the first page (with space for a typewritten letter) can be used in innumerable ways.

For instance, it can be used in acknowledging the opening of a new account, giving—in one letter—complete information about the terms and other rules of the store. Likewise, it can be used for collection letters, for letters about "returned goods," for a number of letters which will suggest themselves.

For use in January collections, the letter of Kline's (*Figure 1*) is shown as an excellent one to use. Note that it carries all the good features of a good selling letter, which, after all, is what a good collection letter should be. It gives *reasons* for demanding payment this month and *reasons* for the customer to respond.

Figure 4 is an outstanding example of a letter to be used in acknowledging the opening of charge accounts. The opening paragraph is good—the information supplied throughout the letter is timely and helpful—and it carries a clear-cut statement of terms.

Finally, *Figure 3* shows the first page of a little four-page folder used by Louis Selig, Controller-Credit Manager of the Rosenfield Dry Goods Co., Baton Rouge, La. The message, carried by the two inside pages, follows:

A NEW YEAR'S GREETING TO A LOYAL CUSTOMER

It seems that in the credit end of a business almost all our time is taken up in handling accounts of slow-pay nature to the extent that we might be neglecting some of our good customers because they never give us any concern or bother. Or putting it another way, we simply accept their favors without comment or question, approving all charges promptly, and overlook expressing our appreciation of their valued business.

Success in any business is largely attributed to two factors: first, there must be sound management and careful planning; and second, only through the cooperation of a store's clientele in taking care of their accounts promptly can the store maintain the sufficient working capital that is needed in the daily performances of a well-run institution.

So, at this time of the year, which is filled with good cheer, it is no more than natural that we stop and reflect for a moment and thank those who have been so loyal to us during the year, not only for favoring us with their patronage, but also for the promptness in which they have taken care of their accounts. Therefore, will you permit us to express our appreciation for the excellent manner in which you have taken care of your account with us, and we sincerely hope that we will merit your confidence for many years to come.

May the year 1936 be the most prosperous and happiest for you and yours, is the sincere wish of

The Credit Man, at Rosenfield's.

Each year, Louis Selig sends out some such greeting to his "loyal customers" and I am sure you will agree that as a good will builder it is unsurpassed. The message above carries such a natural sincerity that it is bound to make a good impression on customers and bind them more closely to the store.

TELEPHONE CENTRAL 6830

Kline's

St. Louis, Mo.

SPECIALISTS IN FEMININE APPAREL

①

Dear Madam:

On January 31st, our accounts will be audited for the fiscal year. Naturally we are anxious to report your account in good condition for which reason we ask that an immediate settlement be made.

We feel confident that sufficient opportunity has been given you to remit before this, and desire to impress upon you the importance of immediate payment or a definite expression of your intentions.

When our books are closed, accounts owing prior to October 1935, are reported to the Associated Retail Credit Men and Credit Bureau of Saint Louis, to whose records all representative stores have access.

You don't want this to happen, we are sure, neither do we. So we earnestly suggest that you make some arrangements for settlement before the end of this month.

For your convenience, a return envelope is enclosed.

Yours very truly,

K L I N E ' S

EFH:MLM

Department of Accounts

③

A

New Year's Greeting

To

A Loyal Customer

1854 1936

Mandel Brothers

Chicago

EXECUTIVE OFFICES

④

It is indeed a pleasure to inform you that we have opened a monthly charge account in your name, and we hope you will take full advantage of the conveniences thereby placed at your disposal.

The enclosed card will serve as means of identification when you desire to take goods with you, or have them sent to an address other than your own, and when shopping, you will find service greatly facilitated by presenting it to the salesperson. This card should be guarded carefully so that no unauthorized person can make use of it. Please notify us immediately if it should be lost.

Our bills are rendered on the first and are payable by the tenth of the month following that of purchase.

We thank you for this opportunity to be of service to you, and assure you of our best efforts to render our future business relations mutually pleasant.

Yours very truly,

MANDEL BROTHERS

J. D. Kemper

General Credit Manager

(RETAIN FOR READY REFERENCE)

Your Monthly Charge Account

②

CREDIT POLICY

Convenience

Convenience and accommodation to the customer is the primary purpose of a charge account

Amount

The amount of credit extended is based on your financial ability to pay according to our terms If the amount of credit desired exceeds your ability to pay on regular terms, special arrangements should be made with the Credit Department.

Settlement

On all monthly accounts our terms require payment within thirty days. In other words, purchases made in one month are due and payable in full during the following month. An itemized statement of your purchases, credits and payments made during the current month will be mailed to your address at the end of each month, but does not include purchases made the last four working days of the current month. Make checks payable to The Cain-Sloan Co. Please tear off head of statement at perforation and attach to remittance Your cancelled check with our endorsement is a receipt

Carrying Charges

A carrying charge of one half of one per cent per month will be added on all balances on monthly accounts more than sixty days old to cover the additional cost incurred in carrying such delinquent balances. This policy we feel is in fairness to our cash customers as well as to the majority of charge customers who pay promptly.

How to Use Your Account

Purchasing

After having made a purchase, direct the salesperson to "charge it" and give your name and address just as it is recorded in our Credit Department. The salesperson will record the name of the actual purchaser. A duplicate ticket of your purchase will be enclosed in your package. In case of error please report promptly. Please give instructions relative to delivery at time of purchase.

Delivery

There will be a delivery charge of ten cents for all purchases of three dollars or less. A charge of 25 cents will be made for all "Special Deliveries" of purchases under $15.00. Parcel Post and Express charges will be charged on all mail orders and store purchases sent out of Nashville.

Returning of Merchandise

It is our policy to offer at all times fresh, new merchandise. Therefore, in fairness to you and our other patrons, The Cain-Sloan Company will not accept merchandise in return after three days from the date of purchase. So to avoid misunderstanding, please inquire in the department if the merchandise purchased will be returnable.

Change of Address

Please advise us if your name and address on the front page of this letter is not correct in every detail. Also inform us if at any future date there is a change in your name or address. If any inaccuracy appears in initials, spelling, title or address, we will appreciate it if you will inform us so that we may make the necessary corrections.

Adjustment Department

In case of error, or there appears on your monthly statement anything which is not perfectly clear to you, our bill adjusting office is located on the Fourth Floor in the Main Office. Its purpose is to adjust promptly any errors inadvertently made in billing. Merchandise and Service adjustments or complaints should be made at the store postoffice on the first floor.

Credit Department

The Credit Department is located on the Fourth Floor and its chief function is to render prompt and efficient service to our customers.

Mailing List

Your name automatically appears on our mailing list, notifying you of departmental and store-wide selling events, when announced in this manner.

Personal Shopper

Donna Baird is Cain-Sloan's personal shopper . . . write to her or 'phone her and your order will be filled promptly and efficiently. Your purchases through Miss Baird may be charged to your account. This personal service is yours for the asking.

Suggestions and Criticisms

The management will welcome from you at any time suggestions or criticisms with the idea of improving our service.

THE CAIN-SLOAN COMPANY

Credit Department
Bureau of Accounts

Educating Customers to Pay Promptly

By H. C. STROUPE

Credit Manager, Memphis Power & Light Co., Memphis, Tenn.

SINCE all credit sales are made anticipating payment within a given period of time, it is essential that our charge customers be educated along these lines. Slow-pay customers are a greater problem in many instances than actual losses. For this reason there seem to be great possibilities in this field of education.

First, the credit executive has an opportunity of stating the terms of his store at the time the account is opened. At this instant the customer should be impressed with the importance of paying bills according to terms. This can be done diplomatically, but at the same time forcibly, by stating a definite due date. The importance of a *definite date of payment* has long been realized by the public utilities and is an important factor in collecting their accounts within a definite period of time.

After an account is properly opened, the customer may be constantly reminded to pay promptly—by the tenth of each month—by a well-planned "pay promptly" advertising program. Appealing newspaper ads and attractive billboards have proved a good medium for this form of education. Your National Association can furnish much valuable information on "pay promptly" advertising.

Notwithstanding the fact that the customer was impressed with a definite "due date" of payment at the time of opening his account, and has been constantly reminded to pay promptly through "prompt pay" advertising, there are always those who still neglect to pay as agreed. These customers must be informed in a polite manner, individually, that their bills are not being paid in a satisfactory manner. One of the best means of accomplishing this purpose is the use of your National Association collection stickers. They may be had in a number of forms and selected to suit the different classes of past-due accounts. These stickers may be used to advantage by almost every class of business having charge accounts.

The public utilities, who are probably the closest adherents to a definite date of payment, can materially reduce their amount of past-due accounts by a systematic use of collection stickers. Our company has used them for the past six months with most favorable results. We alternate between the "Standard" Series and "Gold" Series.

A sticker is placed on each past-due notice mailed, and on each bill mailed that has a balance carried over from the previous month. In this way we are attempting to educate our customers that their accounts are *past due* when not paid by the expiration of the discount date. In so doing, we are reducing the cost of sending delinquent notices and making collectors' calls.

By the use of these stickers carrying the name of the National Retail Credit Association we are also impressing upon the customer that a prompt paying record at the utility company is as valuable in building a good credit rating as prompt payment of other accounts.

We have used approximately 10,000 stickers per month during the past six months and have not received any unfavorable comment (from our customers) of any consequence. It is our purpose to continue the use of these stickers for an indefinite time as part of a plan to educate our customers to pay by the date due.

The Foundations of the Credit Structure

(*Continued from page* 23.)

vide us with a sounder foundation for a true prosperity. Until the arrival of the depression, this generation was hardly aware of the fact that there was such a thing as a monetary system or an economic system, and now everyone is trying to understand them.

Even such absurdities as the "Townsend Plan," the "Share-the-Wealth" movement, sym-metalism, and the idea of borrowing and spending our way out of the depression, are all evidences of cogitation taking place in the public mind, even though at a low level of intellect. I feel, therefore, that we are making a kind of an oblique advance by demonstrating the futility of the measures undertaken.

The credit men of the country constitute a group which are competent to understand these problems and to exert an important influence in getting the nation back on the *true road to Utopia,* which every real American believes in. The name of that highway, however, is not "Politically Planned Economy" but "Economic Liberation."

Your Washington News Bulletin

By R. PRESTON SHEALEY

Washington Counsel, National Retail Credit Association
Colorado Building, Washington, D. C.

FOREWORD

WHAT of this session of Congress and when will it adjourn? The bonus, neutrality, economy, relief—a possible Townsendite drive for amendments to the Social Security Act—and substitute legislation, maybe, to take care of Supreme Court decisions on alphabet units of the administration program, are among the high spots for this session.

Political leaders of both parties are said to desire early adjournment, but political bitterness and that state of mind, coupled with political jockeying for position, makes for a prolongation of the session—at least until Convention time.

LEGISLATIVE

Two-Cent Mail Campaign

What are the prospects for universal application of the two-cent rate on first-class mail? Progress can be reported but local associations should take an active interest if success is to be attained. A survey made personally by your Washington representative indicates that if the reduction from 3c to 2c is made universal, increased use of mail by direct mail advertisers will largely make up the deficit.

The postal authorities, however, disagree with that conclusion and *until they can be convinced* a big stumbling-block to reduction will continue to exist. Another factor is the reference of reduction bills to the Ways and Means Committee, where they now repose, rather than to the Post Office Committee.

DEPARTMENTAL

WPA Employees' Debts

WPA Administrator Hopkins has issued directions to State WPA Administrators as follows: "State Works Progress Administrations shall not act as agents for the collection of private debts contracted by administrative employees or project workers. Assignments of wages or salaries made by such workers or employees, or judgments rendered against them, shall not be recognized. Their wages or salaries shall be paid to them in full notwithstanding the existence of such assignments or judgments."

Debts of Government Employees

The committee formulating uniform regulations concerning debts of government employees completed its recommendations several weeks ago and placed them in the hands of Commissioner Allen of the District of Columbia for transmittal to the White House. As of December 20, no executive regulation on the subject has been issued. It will be recalled that the Legislative Committee initiated this matter with President Roosevelt shortly after his induction into office.

COURT DECISIONS

Collection Agency—Washington Case

The suit in the District of Columbia Supreme Court against the Associated Retail Credit Men was dismissed by a consent decree, on December 17, as a result of an agreement between the plaintiff, a member of the District of Columbia Bar, and the Bureau. This agreement absolves the Bureau from the charge of practicing law but at the same time permits it to continue its collecting service.

However, in connection with the latter, the Bureau has agreed "that it will in no way act as intermediary between any attorney at law and the owner of any account, claim or demand, other than it may, upon the unsolicited request of such owner, send any such claim or account for collection to any attorney at law specifically designated by the owner of such account, claim or demand, and that it will not perform any accounting duties or services whatsoever with respect to collections made by or through any attorney or attorneys at law for the benefit of any such owner or owners of such accounts, claims or demands." As there is no District of Columbia law relating to collection agencies, the result in this case is of more than ordinary interest.

Collection Agency—Baltimore Case

On December 5, the Court of Appeals of Maryland handed down a decision affecting collection agencies in the City of Baltimore. Self-explanatory syllabus of this decision is as follows: "Section 626 of the Baltimore City Charter contains a provision that no Justice of the Peace may issue a writ in a civil suit except on application 'in writing by the plaintiff or his attorney.' Summons in this case had been issued from the People's Court of Baltimore City upon application made by a collection agency, and the question was raised whether the summons so issued were valid, since they were not applied for by plaintiff or an attorney at law. HELD: That as used in the Charter, the word 'Attorney' did not mean 'Attorney-at-Law,' and that the collection agency in taking part in the Magistrate's Court was not engaged in the practice of law. Affirmed."

Credit News Flashes--
Personal and Otherwise

Oklahoma City Elects

On December 30, Charles J. Bulkley, Vice-President of Kerr Dry Goods Company, was elected President of the Oklahoma City Retailers Association. Tom Roach of Roach Drug Company was elected Vice-President for the ensuing year.

Other Executive Committee members elected are: John D. Thomas, John D. Thomas Company; A. S. Monroney, Doc and Bill Furniture Company; Tom W. Baugh of Tom Baugh Men's Clothing and Furnishings; and H. E. Blair, City National Bank and Trust Co.

The analysis of "all-type" deferred payment plans in use in wearing apparel stores—based on a study of 97 stores—scheduled for this issue, has been deferred until the February issue, due to lack of sufficient space.—*The Editor.*

Akron Bureau Reports Six Years of Successful Operation

Six years ago, the future of this Bureau was uncertain. It was a new venture and no one knew the outcome—but during this period, we have expanded from 65 to 441 subscribers. Our records, now numbering approximately 250,000, grew more efficient daily.

Millions of credit dollars have been extended on the strength of these records. Several hundred thousand dollars have likewise been saved the membership. In less than five years of operation, a total of $320,400 has been salvaged by the Collection Department.

The original investment made by stockholders has been paid in full and 34 people are employed by the Bureau.—*Bulletin of Akron (O.) Credit Bureau.*

The Retail Merchants Association of Tulsa (Okla.) in December held its 924th weekly luncheon meeting, representing 18 years of constructive work!

St. Louis' Annual Election

The Associated Retail Credit Men of St. Louis held their twenty-first annual Christmas entertainment December 12. At the same time, the annual election was held. George Neuman, Credit Manager of the St. Louis Dairy Co., was elected President. He has been with this company for 35 years, having started as a driver.

Other officers elected were: Joseph Price, Scruggs-Vandervoort-Barney D. G. Co., Vice-President; Wm. Preusser, Famous-Barr Co., Treasurer; and A. J. Kruse, Manager of the Credit Bureau, Secretary. Directors: Harry Goodman, Motor Finance Co.; Harry Zollinger, Zollinger's; Ira Bloom, Stix, Baer & Fuller Co.; Edw. Schultz, C. J. Reinecke Lumber Co.; Fred Quitzow, Guerdan Hat Co.; Miss Cecelia Reilly, Steinberg's; Miss Julia Garrison, Kessler's; and W. F. Struetker, Baldwin Piano Co.

A. C. Pearsons Honored

Abner C. Pearsons, retiring Credit Manager of French and Bassett's, Duluth, and First President of the Associated Retail Credit Men of Duluth, was the guest of honor at the Association's Twenty-Second Annual Christmas Party. The event was designated as Past Presidents' Night. Mr. Pearsons (as well as the other Past Presidents) was presented with a gold lapel button bearing the N. R. C. A. insignia. He was also presented with a book of testimonials from National Officers, friends and associates.

New Orleans Names New Officers

At the annual meeting of the Retail Credit Association of New Orleans, Inc., November 12, the officers shown in the photograph were elected. Left to right, they are Max Good, Marks Isaacs Co., Treasurer; Joseph H. Bergeron, A. M. and J. Solari, Secretary; Hubert Fielder, D. H. Holmes Co., President; Warren G. Finnan, L. Feibleman & Co., Inc., retiring President and elected member of the board of directors; and Stanley W. Kemp, New Orleans Public Service Co., Vice-President.

Members of the board of directors elected were K. F. Blue, W. G. Finnan, Miss N. Y. DuMontier, and W. E. Schuppert.

W. G. Finnan made his report as retiring president, and W. J. Fischer, a former president, spoke briefly. After the meeting adjourned, refreshments were served.

District Conferences in the Offing

SECOND DISTRICT (New York and New Jersey)—Hotel Pennsylvania, New York City, January 20 and 21.

FIFTH DISTRICT (Ohio, Michigan, and Ontario)—Toledo, Ohio, February 17 and 18.

SIXTH DISTRICT (Iowa, Minnesota, Nebraska, North Dakota, South Dakota, Manitoba, and Superior, Wis.)—Hotel Fort Des Moines, Des Moines, Iowa, January 13 and 14.

SEVENTH DISTRICT (Arkansas, Kansas, Missouri, and Oklahoma)—Hotel Kingsway, Hot Springs, Ark., January 19, 20 and 21.

NINTH DISTRICT (Colorado, New Mexico, Utah, and Wyoming)—Brown Palace Hotel, Denver, January 5, 6 and 7.

TWELFTH DISTRICT (Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia)—Mayflower Hotel, Washington, D. C., February 17 and 18.

Twelfth District Conference, Washington, D. C., February 17 and 18

Convenes concurrently with the Columbia Regional Conference, February 17 and 18, Mayflower Hotel, Washington, D. C. Walter S. Hull of Hecht Brothers, Baltimore, is President of this District. Committees have been appointed with the following Chairmen: E. Emerson Snyder, Program; Sylvan King, Publicity; Martin M. Watson, Exhibits; J. W. Tallentire, Banquet; Abe Coonin, Entertainment; and John K. Althaus, Registration and Arrangements. Hotel reservations, or any requests for information, may be made through Mr. Althaus, who is Managing Director of the Associated Retail Credit Men of Washington.

Ample accommodations have been arranged, but it is suggested that reservations be made as early as possible. Minimum rates will apply, $4.00 for single rooms, $6.00, room with double bed, $7.00, twin beds. The various committees are hard at work outlining discussions to include problems particularly applicable to present-day credit granting. Business sessions are planned for both mornings and afternoons, Monday and Tuesday. Monday night will be the occasion of a banquet including both conferences as well as the membership of the Associated Retail Credit Men of Washington.

H. R. Teubner, Credit Manager of Strawbridge & Clothier, Philadelphia, has been appointed Vice-Chairman of the Legislative Committee of the National Retail Credit Association.

Olive Elected President in Dallas

J. P. Olive, Credit Manager of Titche-Goettinger's, was elected President of the Dallas Retail Credit Men's Association, December 6. Other officers are: Charles A. Caldwell, First Vice-President; T. K. Johnston, Second Vice-President; J. E. R. Chilton, Jr., Secretary; and M. R. Fortson, Treasurer. Directors: Bryce L. Twitty; H. L. Hollis; Miss Fay Anderson; C. Hal Jones; Miss Maurine Harris; W. E. Smith; and E. Graatz.

IN MEMORIAM

J. S. Merrill

J. S. Merrill, Manager of the Credit Bureau of Springfield, Ohio, and President of the Associated Credit Bureaus of Ohio, died December 14. His health had been failing for some time; yet his passing will come as a distinct shock to his many friends throughout the country.

Miss Lulu Shermantine

Miss Lulu Shermantine, sister of S. E. Shermantine, Manager of the San Francisco and Oakland (Calif.) Credit Bureaus and President of the National Consumer Credit Reporting Corporation, died suddenly December 7, death being caused by a streptococcus infection. She had been a teacher in the Oakland schools for many years. The National Office extends deepest sympathy to Mr. Shermantine in his bereavement.

Death of Mother of Russell H. Fish

Just as this issue was going to press, we received a telegram from Past President Reed informing us of the death of the mother of National Director Russell H. Fish, Credit Manager of the May Company, Denver, and President of the Ninth District. To Mr. Fish, we of the National Office offer our sincere condolences in this hour of sadness.

Benj. F. Collins, Credit Manager, Warner Hardware Co., Minneapolis, and Director of the Sixth District, has been appointed Chairman of the *Conference and National Affairs Committee* of the Minneapolis Association.

Inactive Account Stickers

Use them on statements showing no purchases during the month. Printed in one color (maroon) on white gummed paper.

Price, $2.00 per 1,000. Order from your credit bureau or the National Office.

You Don't Owe Us a Cent!

Yes! We've noticed it and we hope you will use your charge account this month.

Your Patronage Is Appreciated!

© 1934, N. R. C. A.

Your Account Is Balanced!

This is just a reminder that we missed you last month.

Use Your Charge Account!

© 1934, N. R. C. A.

We Missed You Last Month!

Anything wrong? If so, please give us a chance to correct it.

We Value Your Patronage!

© 1934, N. R. C. A.

National Membership Campaign Notes

Congratulations, Mr. Mangin!

PERSONAL effort, coupled with enthusiasm for the National Association and for the benefits to accrue to local retail credit granters, *will build membership,* as indicated by the letter received December 21 from T. J. Mangin, Jr., Credit Manager, William D. Hardy & Company, Muskegon, Michigan, President of the Muskegon Retail Credit Association and Director of District 5.

To quote the first paragraph of his letter:

"Your letter of December 12 certainly must have contained an unusual amount of inspiration, for the writer personally secured fourteen new members for the National Association, giving us a total of 17 National members, which is over one-half of our Local Association."

The result is more significant when we consider that it was accomplished in probably the busiest period of the year for a department store credit manager—*the week before Christmas!* Congratulations, Mr. Mangin! May this record inspire other Managers of Credit Sales to do likewise.

The holiday rush will be over upon receipt of this issue of The CREDIT WORLD and it is hoped all members will do their bit to increase Local and National memberships. Or if the merchants of your city are not receiving the benefits of a local unit of the National, you are urged to take the initiative in calling a meeting to organize one. Copies of booklet *Value of Retail Credit Associations—How to Organize and Conduct Them,* other data, and a supply of the January CREDIT WORLD will be sent upon request.

District Officers and Directors, particularly, are urged to get their membership drives under way, in an effort to increase the District as well as National membership prior to the close of our fiscal year, May 31, 1936.

All together now for a real offensive, and may the best District win!

* * * * *

Thank You, Bureau Managers

Your splendid cooperation in connection with the membership drive for President Driver's "Surprise Christmas Present" was appreciated fully by President Driver and the National Office. You will hear directly from Mr. Driver.

It enabled us to report to President Driver 139 new members, our transmittal letter having reached him on December 24. It is a pleasure to quote a letter to Mr. Driver from W. H. Gray, Secretary of the Cleveland Retail Credit Men's Company:

"I have the honor of presenting to you on behalf of the Cleveland Association and as a part of the 'National President's Drive,' twenty-five full memberships in the National Association and thirty subscriptions to The CREDIT WORLD. Your work and cooperation with the national and local associations has been and continues of such nature that Cleveland regrets figures herein given are not much higher. However, we have done our little bit and if similar action has been taken throughout the United States the National Retail Credit Association can justly feel proud of the result."

* * * * *

Membership Standing

New Members Enrolled—June 1, 1935 to December 28, 1935

	Region	State	City
DISTRICT No. 1	46		
CONNECTICUT		4	
Miscellaneous			4
MASSACHUSETTS		29	
Springfield			17
Miscellaneous			12
RHODE ISLAND		13	
Providence			13
DISTRICT No. 2	86		
NEW JERSERY		2	
Miscellaneous			2
NEW YORK		84	
New York City			72
Miscellaneous			12
DISTRICT No. 3	28		
FLORIDA		15	
Miscellaneous			15
GEORGIA		10	
Miscellaneous			10
NORTH CAROLINA		2	
Miscellaneous			2
SOUTH CAROLINA		1	
Miscellaneous			1
DISTRICT No. 4	50		
ALABAMA		16	
Birmingham			13
Miscellaneous			3
KENTUCKY		2	
Miscellaneous			2
LOUISIANA		1	
Miscellaneous			1
MISSISSIPPI		1	
Miscellaneous			1
TENNESSEE		30	
Memphis			15
Miscellaneous			15
DISTRICT No. 5	112		
ONTARIO		4	
Miscellaneous			4
MICHIGAN		18	
Muskegon			14
Miscellaneous			4
OHIO		90	
Akron			19
Cleveland			26
Steubenville			36
Miscellaneous			9
DISTRICT No. 6	84		
MANITOBA		1	
Miscellaneous			1
IOWA		39	
Des Moines			12
Mason City			22
Miscellaneous			5
MINNESOTA		34	
Minneapolis			31
Miscellaneous			3
NEBRASKA		9	
Miscellaneous			9
WISCONSIN		1	
Superior			1
DISTRICT No. 7	128		
ARKANSAS		1	
Miscellaneous			1
KANSAS		22	
Wichita			17
Miscellaneous			5
MISSOURI		104	
Kansas City			42
St. Louis			60
Miscellaneous			2
OKLAHOMA		1	
Miscellaneous			1
DISTRICT No. 8	29		
TEXAS		29	
San Antonio			15
Miscellaneous			14
DISTRICT No. 9	40		
COLORADO		34	
Denver			31
Miscellaneous			3
NEW MEXICO		3	
Miscellaneous			3
UTAH		1	
Miscellaneous			1
WYOMING		2	
Miscellaneous			2
DISTRICT No. 10	36		
BRITISH COLUMBIA		4	
Miscellaneous			4
MONTANA		2	
Miscellaneous			2
OREGON		1	
Miscellaneous			1
WASHINGTON		29	
Spokane			17
Miscellaneous			12
DISTRICT No 11	130		
ARIZONA		4	
Miscellaneous			4
CALIFORNIA		122	
Los Angeles			21
Oakland			52
San Francisco			40
Miscellaneous			9
HAWAII		4	
Miscellaneous			4
DISTRICT No. 12	70		
DELAWARE		1	
Miscellaneous			1
DISTRICT OF COLUMBIA		19	
Washington			19
MARYLAND		25	
Baltimore			25
PENNSYLVANIA		20	
Pittsburgh			13
Miscellaneous			7
VIRGINIA		5	
Miscellaneous			5
DISTRICT No. 13	42		
ILLINOIS		5	
Miscellaneous			5
INDIANA		7	
Miscellaneous			7
WISCONSIN		30	
Milwaukee			26
Miscellaneous			4

Well Done, Mr. Barber!

As we go to press, a letter from Mr. Charles H. Barber, Secretary of the Retail Merchants Association of Mason City, Iowa, reports a new National Unit of twenty-two members, consisting of the principal credit granters of that city.

Mr. Barber writes that Mr. L. R. Pearce, President of District 6 and Credit Manager of the Frankel Clothing Company, Des Moines, rendered assistance in organizing the unit.

New Research Studies Available

Three new studies are available, free of charge, to our members upon application to the Research Division of the National Retail Credit Association. They are as follows:

21—"Age-Analysis Percentages."

22—"Credit Policies of Department Stores Pertaining to Employees' Accounts."

23—"Draw-Back Systems."

Additional data and information are also available for Study No. 16, "Relationship of Accounts Receivable Department and Bill Adjusters' Salaries to Credit Sales and Total Sales."

Up-to-date information and data will be added to these studies from time to time.

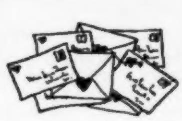
More About "Long Terms"

Dangerously long installment terms on electrical appliances, advocated by Morris L. Cooke, president of Electric Home & Farm Authority (EHFA) and opposed by Jesse Jones, chairman of Reconstruction Finance Corporation (RFC), constituted the vital issue which brought about Cooke's resignation last month. Cooke continues as head of Rural Electrification Authority (REA).

Cooke contended that appliance sales should be financed over 36 to 60 months with the equipment and credit standing of the purchaser as security, whereas hard-boiled Jones wanted collateral security, holding that depreciation of the equipment made it of little value. Since RFC provides the funds to finance EHFA loans, it has the whip hand.

Both are wrong. But it would take a retailer, experienced in retail credit, to point out the errors and shape a sane course. Bankers never will understand either the sound philosophy or the sound practice of retail credit, which made it conspicuously *the only form of asset that came through the depression without a markdown.*

Accounts Receivable on the books of sound retailers (those with experienced retail credit managers) in November, 1929, were worth 97 to 98 cents on the dollar and were so collected in due course. Every other asset dropped 50 to 80 per cent, including blue-chip stocks and bank securities. Bankers should go to school to retail credit managers and try to learn something about the why and wherefore of a performance which made theirs look sick in comparison.—*Retail Ledger.*



Letters That Cross The Editor's Desk

The article "Opinion of Credit Executives For and Against 'All Type' Deferred Payment Plans" appearing on pages 14 and 15 of the December, CREDIT WORLD proved interesting, and I might say, amusing to me.

I am wondering whether some of those making unfavorable comment upon the sale of all kinds of merchandise on a monthly payment basis ever heard of Sears, Roebuck & Co., Montgomery Ward & Co., and the many other successful mail order houses who sell, and have sold, for many years all kinds of merchandise on a monthly payment plan.

It would appear that the opinions expressed are those of executives whose past efforts have been directed entirely to a local retail trade embodying probably a 30- or 60-day charge with a very, very small amount of actual monthly payment accounts.

For information on this subject, I would refer any one to a Sears Roebuck or Montgomery Ward catalogue. Learn what merchandise these companies actually do sell on a monthly payment plan.

These two companies alone do a yearly business of *Five Hundred Million Dollars* and a substantial portion of that business is sold on credit. These companies are still doing business; are *showing* a good profit, and are paying dividends to their stockholders.

If some of these retail credit executives think they have a hard lot with their local retail credit accounts, I might remind them of the problems of a mail order credit man, whose only contact with his customer is by mail and which customer might be some 2,000 miles away.

Yet, we do sell most any kind of merchandise on a time pay plan which provides monthly installments, and we do add a sufficient carrying charge to defray the expenses and to cover our losses and we do collect with a surprisingly low loss ratio.

I might also remind some of those credit executives that the mail order companies are possibly even now selling their customers any kind of merchandise *on terms* which they refuse to extend to those same customers. This is certainly reflected in the large volume of business done by mail order companies.

Lack of experience in installment selling might be the cause of unfavorable comment. This, however, does not prove that the sale of "All Type" merchandise on a deferred payment plan is either unsound or unprofitable.—G. W. KERSHNER, Credit Manager, The Brown Fence & Wire Co., Cleveland, O.

* * * *

I wish to thank you for the booklet of reminders in sticker and insert forms.

During the short period we have been a member of both the local and National Retail Credit Associations we have helped ourselves to better collections and better customer relations. Your various services to members constitute what may be considered a set of finer rules for

all credit business operators. And the first thing we discovered was that prompt pay customers buy more services and in turn form the backbone of our business.

Thank you again for all help received through your organization.—THOMAS T. OKADA, Credit Manager, Market Laundry Co., Inc., Oakland, Calif.

A New "Census of Business"

A Census of Business, comparable to those made by the United States Bureau of the Census for the years 1929 and 1933, will be taken in 1936 covering business activity for the year 1935.

This business census will be the most comprehensive yet undertaken. The basic statistical data will be obtained largely through a field canvass starting January 2, with enumerators covering the entire country, under supervision of the experienced field organization of the Census Bureau.

The scope of the 1935 Census of Business includes: retail trade; wholesale trade; hotels; amusement concerns; insurance (carriers, general agent, dealer) broker or agent; distribution of manufacturers' sales (channels of primary distribution); construction; trucking and warehousing; banking; bus transportation; business services; the operation of non-residential buildings (office buildings, etc.); broadcasting and advertising agencies.

The retail trade census will be made for two size classifications; stores with total sales of $50,000 and over, and those with sales of less than $50,000, for the following groups: Food and general merchandise stores, soda fountains, drug, apparel, jewelry and cigar stores, automotive trade, department stores, hardware, farmers' supplies, furniture and household supplies, lumber and building material dealers, coal and wood yards, ice dealers, restaurants, garages, filling stations, news dealers, etc. Commodity information will be available for 1935 similar to that published for 1929.

Only sworn employees of the Bureau of the Census will be permitted to examine the individual returns. No access to census reports is permitted under the law, not even to other governmental agencies, and no information will be disclosed which would reveal any of the facts or figures in the returns.

Preliminary but essentially complete reports, by states, will be released as rapidly as completed, beginning about July 1, 1936. These will be followed by county and city reports in final form and by kind-of-business reports.

The value of information resulting from this Business Census is, of course, largely increased through your cooperation. Any assistance that you might be able to render the Department of Commerce in conducting the 1935 Census of Business will be appreciated by the National Retail Credit Association.

Details of the "Ad-of-the-Month" Shown on The Outside Back Cover

On the outside back cover of this issue is shown the "Ad-of-the-Month" for January in the three-column by nine-inch size. Mats for this message, which can be used in newspapers, *any time this month,* are also furnished in four columns by twelve inches and two columns by six inches. Prices: 8" x 12", $2.00; 6" x 9", $1.50; 4" x 6", $1.25. For best results, the inserts (opposite) should also be used, as a *collection correspondence "tie-up."*

"They Reduce the Cost of Collections

and the Number of Past Due Accounts"

—H. C. Stroupe, Credit Manager,
Memphis Power & Light Co., Memphis, Tenn.

(See article elsewhere in this issue.)

You Forgot--Didn't You?

WHY not mail us a check now—while you have it in mind? Thanks!

Please!

NOW that we've reminded you, won't you send us a check—please? Thank You!

Just to Remind You--

that this account has probably been overlooked and we'll appreciate your remittance. *Thank You!*

Lest You Forget!

This account is overdue. Won't you send your remittance now—lest you forget? Thank You!

Your Remittance-

for this past due account will be appreciated. We'll be watching for it! Many Thanks!

1. The "Standard" Series

Five in the series, exact size as shown (upper half of this page), printed in two tones of blue on gummed white paper.

Prices, 1,000 of any one sticker, $2.00; 1,000 assorted, $2.50. Small lots—less than 1,000 assorted—50 cents per 100.

2. The "Gold" Series

An outstanding series—rich and dignified looking: Printed in royal blue, on special gold paper. Five in series (shown on lower half of this page). Actual size, 1¾" x 2". (Dotted lines are not part of stickers but are only "size indicators.")

PRICE, $3.00 PER THOUSAND

Note: Stickers in both series are now printed in Canada and shipped from Canada for use of Canadian members—at prices shown here.

Order Either Series from Your Credit Bureau or—National Retail Credit Association, 1218 Olive St., St. Louis.

"Good Credit—

is worth more than all the gold mines in the world," said Webster.

Prompt Payment Builds Good Credit—"Worth More Than Gold"

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

Keep Your Credit As "Good As Gold"!

Prompt payment of accounts, according to terms, will build a priceless credit record—

"Worth More Than Gold"

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

A Friendly Reminder!

As this account is overdue, your remittance will be greatly appreciated.

Prompt Payment Builds Good Credit—"Worth More Than Gold"

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

P. S. Below: New "Gold" Emblem Sticker. $1.50 per 1,000.

MEMBER

TREAT YOUR CREDIT AS A SACRED TRUST

National Retail Credit Association

Now—Please?

We know how easy it is to forget. Won't you send it now—please—while you have it in mind?

Prompt Payments Build Good Credit—"Worth More Than Gold"

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

Past Due!

Prompt payment of this account is necessary to protect your credit record.

Safeguard Your Credit—It's "Worth More Than Gold"!

© 1934 TREAT YOUR CREDIT AS A SACRED TRUST N.R.C.A.

The "Ad-of-the-Month" for January!

It's An Old Chinese Custom!

In China, the ancients, at the beginning of the New Year, following a time-honored custom, called on all their creditors and paid their bills—in full!

The New Year is a time of good resolutions —a good time to arrange to pay all past due bills and then—arrange finances so that future bills can be paid promptly when they are due or according to agreement made at time of purchase.

Prompt payment builds a good credit record and promotes prosperity.

A good credit record is priceless. Pay all bills promptly and protect it!

TREAT YOUR CREDIT AS A SACRED TRUST

NATIONAL RETAIL CHARACTER CREDIT ASSOCIATION

THIS SPACE FOR
LOCAL ASSOCIATION
NAME, ADDRESS, ETC.

Local Affiliation of the National Retail Credit Association

See Page 32 for Complete Details